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EMERGING UNITED STATES DEFENSE CHALLENGES AND WORLDWIDE THREATS

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

FEBRUARY 9 AND DECEMBER 6, 2016

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WORLDWIDE THREATS

TUESDAY, FEBRUARY 9, 2016

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m. in Room SD–G50, Dirksen Senate Office Building, Senator John McCain (chairman) presiding.

Committee members present: Senators McCain, Inhofe, Sessions, Ayotte, Fischer, Cotton, Rounds, Ernst, Sullivan, Lee, Reed, Nelson, McCaskill, Manchin, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, and Heinrich.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. Well, good morning. The Senate Armed Services Committee meets this morning to receiving testimony on the global threats faced by the United States and our allies as part of our oversight of the President's Defense Budget Request for Fiscal Year 2017.

I'd like to welcome back Director of National Intelligence James Clapper and the Director of the Defense Intelligence Agency, General Vincent Stewart.

As this is likely his final appearance before this committee at our annual Worldwide Threats hearing, I'd like to thank Director Clapper for over five decades of service to protecting our country. Director Clapper, and particularly we thank you for leading the men and women who strive every day to collect and analyze the information that helps keep America strong. I thank you for being with us today. I've had the honor of knowing you for a long time, and I know of no individual who has served this Nation with more distinction and honor. We're grateful for your service. We know that that service will continue in the years to come.

The list of the threats confronting our Nation is drearily familiar, yet it is impossible to say we have seen much improvement. In Afghanistan, 9,800 American troops are still in harm's way, the Taliban, al-Qaeda, and the Haqqani Network continue to threaten our interests in Afghanistan and beyond. Now ISIL [the Islamic State of Iraq and the Levant] has arrived on the battlefield, raising the specter of yet another ISIL safe—to plan and execute attacks; regional order in the Middle East is breaking down, and this power vacuum is being filled by the most extreme and anti-American of forces; Sunni terrorist groups such as ISIL and al-Qaeda; Shiite extremists, such as the Islamic Republic of Iran and its proxies; and the imperial ambitions of Vladimir Putin. ISIL has consolidated

control over key territories in Syria and Iraq. It is metastasizing around the region and expanding globally from Afghanistan, as I said, as well as to Lebanon, Yemen, Egypt, and, most worryingly, to Libya. It has also conducted or inspired attacks from Beirut to Istanbul, Paris to San Bernardino. More than a year into our military campaign against ISIL, it's impossible to say ISIL is losing and we are winning.

At the same time, Iran continues to challenge regional order in the Middle East by developing a ballistic missile capability, supporting terrorism, training and arming pro-Iranian militant groups, and engaging in other malign activities in places such—Iraq, Syria, Lebanon, Gaza, Bahrain, and Yemen. As the Islamic Republic receives tens of billions of dollars in sanctions relief from the nuclear deal, it's obvious that these activities will only increase.

Russia annexed Crimea and continues to destabilize Ukraine with troubling implications for security in Europe. Putin's intervention in Syria has undermined negotiations to end the conflict by convincing Assad and his allies they can win.

In Asia, North Korea continues to develop its nuclear arsenal and ever more capable ballistic missiles, one of which it tested this weekend, in violation of multiple U.N. Security Council resolutions.

China continues its rapid military modernization while taking coercive actions to assert expansive territorial claims. At the time of this hearing last year, China had reclaimed a total of 400 acres in the Spratly Islands. Today, that figure is a staggering 3,200 acres, with extensive infrastructure construction underway or already complete.

I look forward to our witnesses' assessment of the nature and scope of these challenges and how the intelligence community prioritizes and approaches the diverse and complex threats we face. As policymakers, we look to the intelligence community to provide timely and accurate information about the nature of the threats we face and the intentions of our adversaries. We have high expectations of our intelligence community, as we should, and as they do of themselves. However, we cannot afford to believe that our intelligence agencies are omniscient and omnipresent, especially after years of sequestration and arbitrary budget caps that have damaged our Nation's intelligence every bit as much as they have the rest of our national defense.

Unfortunately, this misperception is only fed by the prideful assertions of politicians seeking to justify their policies. For example, during the Iran deal, we were told that the United States has, quote, "absolute knowledge about Iran's nuclear military activities." We were told that the deal, quote, "absolutely guarantees that we will know if Iran cheats and pursues a nuclear option." This hubris is dangerously misleading and compromises the integrity of our debate over important questions of U.S. national security policy.

Americans must know that intelligence is not like in the movies. Although our intelligence professionals are the best in the world, there will not always be a satellite in position or a drone overhead, and not every terrorist phone call will be intercepted. Whether it is Russian military activities on the border of NATO [the North Atlantic Treaty Organization] or the movement of terrorist groups across the world or of any of the other number of hard targets that

we expect our intelligence community to penetrate and understand, we will not always know how our adversaries make decisions, let alone understand their implications.

This is doubly true if we further constrain our Nation's intelligence professionals through policy decisions that limit their effectiveness. Our intelligence capacity and capability are just like anything else, constrained by the limitations of time, space, technology, resources, and policy. As one senior U.S. official acknowledged about limited understanding of ISIL 2 years ago, quote, "A lot of the intelligence collection that we were receiving diminished significantly following the United States withdrawal in Iraq in 2011, when we lost some of the boots-on-the-ground view of what was going on." Put simply, if our national leaders decide not to be present in places, we should not be surprised later when we lack sufficient intelligence about the threats and dangers that are emerging there.

As we receive this important intelligence update today, we must remember that it is the responsibility of policymakers, from the White House to the Pentagon to here on Capitol Hill, to invest in cutting-edge capabilities that can provide early indication and warning as well as to provide our intelligence professionals with sound policy decisions and support, including, at times, military support that enable them to perform their often dangerous and always important work on behalf of our Nation. If we fail to make these commitments, we will continue to be surprised by events at an ever increasing cost to our national security.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Well, thank you very much, Mr. Chairman.

Let me join you in welcoming the Director of National Intelligence, General Clapper, and Director of Defense Intelligence Agency, General Stewart. Your long service, both of you gentlemen, to the Nation is deserving of praise.

I particularly want to echo the Chairman's comments, General Clapper, about your distinguished service and your continued service, I'm sure.

Thank you, gentlemen.

We live at a time when there is a complex array of threats facing the United States, some immediate, some in the future. It is a challenge to both the administration and Congress to decide how to allocate our Nation's finite resources to address those threats. Your testimony today will provide needed insight for our committee on that challenge.

In Afghanistan, for example, the security and political environments both remain challenging. The Taliban have sought to take advantage of the still maturing Afghan Security Forces by increasing their operational tempo, especially in rural areas. Also, an ISIL affiliate has entered the battlefield in the form of the so-called Islamic State in the Khorasan Province, or ISKP. All the while, remnants of al-Qaeda continue to seek a resurgence. Pakistani army operations across the border have added to the dynamic by pushing other bad actors, including the Pakistan Taliban and Haqqani Network into Afghanistan. I look forward to the assessment of our wit-

nesses of these security challenges for the coming year and the prospects of reconciliation between the Afghan government and the Taliban.

While ISIL controls less territory in Iraq and Syria than it did a year ago, it remains a significant threat to regional stability, the United States, and our allies. As our efforts to support the Iraqi Security Forces and local forces in Syria continue, there are a number of questions we may not—must ask. What local forces will serve as the whole force once ISIL is removed from Mosul, Raqqa, and the surrounding areas? How will Iran seek to advance its interests in Iraq? How will Turkey respond to the threat posed by ISIL within its borders? Will our partners across the Gulf unify their efforts in Syria? How will ISIL react within Iraq and Syria and transregionally as it is put under increasing amounts of pressure? These are questions our military forces must factor into their planning efforts in order to ensure the success of our campaign. Again, I look forward to your assessments on these important issues.

The past year has seen substantial changes in the nature of the international community's relationship with Iran. The Joint Comprehensive Plan of Action [JCPOA] between the so-called P5+1 and Iran has halted and rolled back dangerous elements of Iran's nuclear program and, critically, has placed it under the most comprehensive and rigorous verification regime ever assembled. I hope our witnesses will provide their assessment of the likelihood of Iran complying with this agreement over its term.

While the JCPOA made substantial progress with respect to Iran's nuclear program, it also enabled Iran to return to the international economic community. This presents the United States and our partners in the Middle East with an adversary with additional resources they may use to support its proxies in places like Syria, Lebanon, Yemen, and other locations in the Gulf. Iran may also choose to use these additional resources to advance its missile program. Iran's decisions in these respects will be a key metric as we evaluate how to array our forces across the Gulf and what assistance our partners across the region will require to confront Iran. I would welcome our witnesses' assessment of the Gulf nations' current capacity to counter Iran's proxies and unconventional forces, and where this committee should consider additional investments to better support our partners' requirements.

Russia's posturing and increasingly aggressive acts in eastern Europe and in the Middle East are something we must continue to monitor, contain, and, when necessary, counter. The President's decision to increase funding for the European Reassurance Initiative is a critical step. We must keep a watchful eye on the Putin regime, particularly his use of conventional and unconventional tactics to bully its neighbors and others.

Russia's Syrian campaign has, for the moment, eclipsed its aggression into Crimea and Ukraine as the most serious flashpoint in United States-Russian relations. In Syria, Russia continues to bolster the military of the Bashar al-Assad regime while simultaneously running an information operations campaign to suggest that its military operations are instead focused against the Islamic State. Unlike Russia's obscured hand in Ukraine, its actions in Syria are being played out in daily headlines that report on Rus-

sia's indiscriminate bombing and its support of the Syrian regime in areas where moderate forces are aiming to get out from under the rule of the Assad regime. This is a complex problem for the United States, the coalition fighting ISIL, and our friends and allies in the region. I look forward to hearing how the intelligence community sees this situation and how the United States can best protect and advance our interests.

North Korea presents an immediate and present danger to global security. The regime conducted a rocket launch just a few days ago, in violation of multiple U.N. [United Nations] Security Council resolutions following its January nuclear test. While China could exert pressure on North Korea through economic sanctions to encourage the regime to desist, the Xi administration prefers to remain on good terms with the North Korean regime, putting the entire region at risk. Without China's cooperation, it is clear that North Korea will continue to develop its nuclear and ballistic missile capability.

China continues to invest aggressively, itself, in its military, particularly in capabilities that allow China to project power and deny access to others. While China's economy has experienced the most significant challenges in recent memory, China is continuing its aggressive efforts to solidify its claims in the South China Sea, despite the protests of its sovereign neighbors. It is critical that we enhance our partnerships with others across the region to bring China into the rule of law based on a global regime that will guarantee peace and prosperity across the region.

It's also critical that we use all of the Nation's tools to ensure that China's continued theft of our intellectual property is put to a halt. I will look forward to your views regarding China's adherence to President Xi's pledge to President Obama to cease such economic espionage.

An area of equal concern is the threats and opportunities presented by cyberspace. From a military standpoint, our forces remain dependent on our ability to collect intelligence, conduct defensive cyberoperations to protect our networks and also our intellectual property, and, as appropriate, to counter with offensive cyberoperations, including actions against certain adversaries who utilize the Internet for recruitment, propaganda, and command and control. We look forward to our witnesses' assessment of these approaches.

Again, let me thank you, gentlemen, for your service. I look forward to your testimony.

Chairman MCCAIN. Director Clapper.

STATEMENT OF HONORABLE JAMES R. CLAPPER, JR., DIRECTOR OF NATIONAL INTELLIGENCE

Mr. CLAPPER. Chairman McCain, Ranking Member Reed, and distinguished members of the committee, first, thank you both for your acknowledgment of my service. It was—last week marked 55 years since I enlisted in the Marine Corps Reserve. I'm very proud of that.

Chairman MCCAIN. In an auspicious——

Mr. CLAPPER. I'm proud to be sitting next to one.

Chairman MCCAIN. In an auspicious beginning.

Mr. CLAPPER. I also, Chairman McCain, would want to thank you for your acknowledgment of the great men and women who work in the intelligence community for both of us. I also appreciate your, I thought, very accurate statement about the capabilities of the intelligence community, what we can and can't do, and what it is reasonable to expect and not to expect us to do. I appreciate that.

General Stewart and I are here today to update you on some, but certainly not all, of the pressing intelligence and national security issues facing our Nation. After listening to both of your statements, I think you're going to hear some echos here. So, in the interest of time and to get to your questions, we'll just cover some of the wave tops.

As I said last year, unpredictable instability has become the new normal. This trend will continue for the foreseeable future. Violent extremists are operationally active in about 40 countries. Seven countries are experiencing a collapse of central government authority. Fourteen others face regime-threatening or violent instability, or both. Another 59 countries face a significant risk of instability through 2016.

The record of level of migrants, more than 1 million, arriving in Europe is like to grow further this year. Migration and displacement will strain countries in Europe, Asia, Africa, and the Americas. There are now some 60 million people who are considered displaced globally. Extreme weather, climate change, environmental degradation, rising demand for food and water, poor policy decisions, and inadequate infrastructure will magnify this instability.

Infectious diseases and vulnerabilities in the global supply chain for medical countermeasures will continue to pose threats. For example, the Zika virus, first detected in the western hemisphere in 2014, has reached the U.S. and is projected to cause up to 4 million cases in this hemisphere.

With that preface, I want to briefly comment on both technology and cyber:

Technological innovation during the next few years will have an even more significant impact on our way of life. This innovation is central to our economic prosperity, but it will bring new security vulnerabilities. The Internet of Things will connect tens of billions of new physical devices that could be exploited. Artificial intelligence will enable computers to make autonomous decisions about data and physical systems, and potentially disrupt labor markets.

Russia and China continue to have the most sophisticated cyberprograms. China continues cyber espionage against the United States. Whether China's commitment of last September moderates its economic espionage remains to be seen. Iran and North Korea continue to conduct cyber espionage as they enhance their attack capabilities.

Nonstate actors also pose cyberthreats. ISIL has used cyber to its great advantage, not only for recruitment and propaganda, but also to hack and release sensitive information about U.S. military personnel. As a nonstate actor, ISIL displays unprecedented online proficiency. Cyber criminals remain the most pervasive cyberthreat to the U.S. financial sector. They use cyber to conduct theft, extortion, and other criminal activities.

Turning to terrorism, there are now more Sunni violent extremist groups, members, and safe havens than at any time in history. The rate of foreign fighters traveling to the conflict zones in Syria and Iraq in the past few years is without precedent. At least 38,200 foreign fighters, including at least 6900 from Western countries, have traveled to Syria from at least 120 countries since the beginning of the conflict in 2012. As we saw in the November Paris attacks, returning foreign fighters with firsthand battlefield experience pose a dangerous operational threat. ISIL has demonstrated sophisticated attack tactics and tradecraft.

ISIL, including its eight established and several more emerging branches, has become the preeminent global terrorist threat. They have attempted or conducted scores of attacks outside of Syria and Iraq in the past 15 months. ISIL's estimated strength worldwide exceeds that of al-Qaeda. ISIL's leaders are determined to strike the United States homeland, beyond inspiring homegrown violent extremist attacks. Although the United States is a much harder target than Europe, ISIL external operations remain a critical factor in our threat assessments for 2016.

Al-Qaeda's affiliates also have proven resilient. Despite counterterrorism pressure that's largely decimated the core leadership in Afghanistan and Pakistan, al-Qaeda affiliates are positioned to make gains in 2016. Al-Qaeda in the Arabian Peninsula, or AQAP, and the al-Nusra Front, the al-Qaeda chapter in Syria, are the two most capable al-Qaeda branches. The increased use by violent extremists of encrypted and secure Internet and mobile-based technologies enables terrorist actors to, quote, "go dark" and serves to undercut intelligence and law enforcement efforts.

Iran continues to be the foremost state sponsor of terrorism and exert its influence in regional crises in the Mideast through the Islamic Revolutionary Guard Corps, Quds Force, its terrorist partner, Lebanese Hezbollah, and proxy groups. Iran and Hezbollah remain a continuing terrorist threat to United States interests and partners worldwide.

We saw firsthand the threat posed in the United States by homegrown violent extremists in the July attack in Chattanooga and the attack in San Bernardino. In 2014, the FBI arrested nine ISIL supporters. In 2015, that number increased over fivefold.

Turning to weapons of mass destruction, North Korea continues to conduct test activities of concern to the United States. On Saturday evening, Pyongyang conducted a satellite launch and subsequently claimed that the satellite was successfully placed in orbit. Additionally, last month North Korea carried out its fourth nuclear test, claiming it was a hydrogen bomb, but the yield was too low for it to have been successful test of a staged thermonuclear device.

Pyongyang continues to produce fissile material and develop a submarine-launch ballistic missile. It is also committed to developing a long-range nuclear-armed missile that's capable of posing a direct threat to the United States, although a system has not been flight tested.

Despite its economic challenges, Russia continues its aggressive military modernization program. It continues to have the largest and most capable foreign nuclear-armed ballistic missile force. It

has developed a cruise missile that violates the Intermediate-Range Nuclear Force, or INF, Treaty.

China, for its part, continues to modernize its nuclear missile force and is striving for secure second-strike capability, although it continues to profess a no-first-use doctrine.

The Joint Comprehensive Plan of Action, or JCPOA, provides us much greater transparency into Iran's fissile material production. It increases the time the Iranians would need to produce enough highly enriched uranium weapon for a nuclear weapon from a few months to about a year. Iran probably views the JCPOA as a means to remove sanctions while preserving nuclear capabilities. Iran's perception of how the JCPOA helps it achieve its overall strategic goals will dictate the level of its adherence to the agreement over time.

Chemical weapons continue to pose a threat in Syria and Iraq. Damascus has used chemicals against the opposition on multiple occasions since Syria joined the Chemical Weapons Convention. ISIL has also used toxic chemicals in Iraq and Syria, including the blister agent, sulfur mustard; first time an extremist group has produced and used a chemical warfare agent in an attack since Aum Shinrikyo used sarin in Japan in 1995.

In space and counterspace, about 80 countries are now engaged in the space domain. Russia and China understand how our military fights and how heavily we rely on space. They are each pursuing destructive and disruptive anti-satellite systems. China continues to make progress on its anti-satellite missile program.

Moving to counterintelligence, the threat from foreign intelligence entities, both state and nonstate, is persistent, complex, and evolving. Targeting and collection of U.S. political, military, economic, and technical information by foreign intelligence services continues unabated. Russia and China pose the greatest threat, followed by Iran and Cuba, on a lesser scale. As well, the threat from insiders taking advantage of their access to collect and remove sensitive national security information will remain a persistent challenge for us.

I do want to touch on one transnational crime issue; specifically, drug trafficking. Southwest border seizures of heroin in the United States have doubled since 2010. Over 10,000 people died of heroin overdoses in 2014, much of it laced with Fentanyl, which is 30 to 50 times more potent than heroin. In that same year, more than 28,000 died from opioid overdoses. Cocaine production in Colombia, from which most United States supplies originate, has increased significantly.

Now let me quickly move through a few regional issues. In East Asia, China's leaders are pursuing an active foreign policy while dealing with much slower economic growth. Chinese leaders have also embarked on the most ambitious military reforms in China's history. Regional tension will continue as China pursues construction at its outposts in the South China Sea.

Russia has demonstrated its military capabilities to project itself as a global power, command respect from the West, maintain domestic support for the regime, and advance Western—Russian interests globally. Moscow's objectives in Ukraine will probably remain unchanged, including maintaining long-term influence over

Kiev and frustrating its attempt to integrate into Western institutions. Putin is the first leader since Stalin to expand Russia's territory. Moscow's military venture into Syria marks its first use since its foray into Afghanistan of significant expeditionary combat power outside the post-Soviet space. Its interventions demonstrate the improvements in Russian military capabilities and the Kremlin's confidence in using them. Moscow faces the reality, however, of economic reception—recession driven, in large part, by falling oil prices as well as sanctions. Russia's nearly 4 percent GDP [gross domestic product] contraction last year will probably extend into 2016.

In the Middle East and South Asia, there are more cross-border military operations underway in the Mideast than at any time since the 1973 Arab-Israeli War. Anti-ISIL forces in Iraq will probably make incremental gains through this spring, some of those made in Beiji and Ramadi in the past few months. ISIL is now somewhat on the defensive, and its territory and manpower are shrinking, but it remains a formidable threat.

In Syria, pro-regime forces have the initiative of having made some strategic gains near Aleppo and Latakia in the north, as well as in southern Syria. Manpower shortages will continue to undermine the Syrian regime's ability to accomplish strategic battlefield objectives. The opposition has less equipment and firepower, and its groups lack unity. They sometimes have competing battlefield interests and fight among themselves. In the meantime, some 250,000 people have been killed as this war has dragged on. The humanitarian situation in Syria continues to deteriorate. As of last month, there were approximately 4.4 million Syrian refugees and another 6 and a half million internally displaced persons, which together represent about half of Syria's pre-conflict population.

In Libya, despite the December agreement to form a new Government of National Accord, establishing authority and security across the country will be difficult, to put it mildly, with hundreds of militia groups operating throughout the country. ISIL has established its most developed branch outside of Syria, in Iraq and Libya, and maintains a presence in Sirte, Benghazi, Tripoli, and other areas of the country.

The Yemeni conflict will probably remain stalemated through at least mid-2016. Meanwhile, AQAP and ISIL's affiliates in Yemen have exploited the conflict and the collapse of government authority to recruit and expand territorial control. The country's economic and humanitarian situation also continues to worsen.

Iran deepened its involvement in the Syrian, Iraq, and Yemeni conflicts in 2015. It also increased military cooperation with Russia, highlighted by its battlefield alliance in Syria in support of the regime. Iran's Supreme Leader continues to view the United States as a major threat. We assess that his views will not change, despite the implementation of the JCPOA deal, the exchange of detainees, and the release of the ten sailors.

In South Asia, Afghanistan is at serious risk of a political breakdown during 2016, occasioned by mounting political, economic, and security challenges. Waning political cohesion, increasingly assertive local powerbrokers, financial shortfalls, and sustained countrywide Taliban attacks are eroding stability.

Needless to say, there are many more threats to U.S. interests worldwide than we can address, most of which are covered in our statement for the record, but I will stop my litany of doom here and pass to General Stewart.

[The prepared statement of Mr. Clapper follows:]

Statement for the Record

Worldwide Threat Assessment
of the
US Intelligence Community

Senate Armed Services Committee

James R. Clapper

Director of National Intelligence

February 9, 2016

STATEMENT FOR THE RECORD

WORLDWIDE THREAT ASSESSMENT of the US INTELLIGENCE COMMUNITY

February 9, 2016

INTRODUCTION

Chairman McCain, Ranking Member Reed, Members of the Committee, thank you for the invitation to offer the United States Intelligence Community's 2016 assessment of threats to US national security. My statement reflects the collective insights of the Intelligence Community's extraordinary men and women, whom I am privileged and honored to lead. We in the Intelligence Community are committed every day to provide the nuanced, multidisciplinary intelligence that policymakers, warfighters, and domestic law enforcement personnel need to protect American lives and America's interests anywhere in the world.

The order of the topics presented in this statement does not necessarily indicate the relative importance or magnitude of the threat in the view of the Intelligence Community.

Information available as of February 3, 2016 was used in the preparation of this assessment.

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GLOBAL THREATS

CYBER AND TECHNOLOGY

Strategic Outlook

The consequences of innovation and increased reliance on information technology in the next few years on both our society's way of life in general and how we in the Intelligence Community specifically perform our mission will probably be far greater in scope and impact than ever. Devices, designed and fielded with minimal security requirements and testing, and an ever-increasing complexity of networks could lead to widespread vulnerabilities in civilian infrastructures and US Government systems. These developments will pose challenges to our cyber defenses and operational tradecraft but also create new opportunities for our own intelligence collectors.

Internet of Things (IoT). "Smart" devices incorporated into the electric grid, vehicles—including autonomous vehicles—and household appliances are improving efficiency, energy conservation, and convenience. However, security industry analysts have demonstrated that many of these new systems can threaten data privacy, data integrity, or continuity of services. In the future, intelligence services might use the IoT for identification, surveillance, monitoring, location tracking, and targeting for recruitment, or to gain access to networks or user credentials.

Artificial Intelligence (AI). AI ranges from "Narrow AI" systems, which seek to execute specialized tasks, such as speech recognition, to "General AI" systems—perhaps still decades away—which aim to replicate many aspects of human cognition. Implications of broader AI deployment include increased vulnerability to cyberattack, difficulty in ascertaining attribution, facilitation of advances in foreign weapon and intelligence systems, the risk of accidents and related liability issues, and unemployment. Although the United States leads AI research globally, foreign state research in AI is growing.

The increased reliance on AI for autonomous decisionmaking is creating new vulnerabilities to cyberattacks and influence operations. As we have already seen, false data and unanticipated algorithm behaviors have caused significant fluctuations in the stock market because of the reliance on automated trading of financial instruments. Efficiency and performance benefits can be derived from increased reliance on AI systems in both civilian industries and national security, as well as potential gains to cybersecurity from automated computer network defense. However, AI systems are susceptible to a range of disruptive and deceptive tactics that might be difficult to anticipate or quickly understand. Efforts to mislead or compromise automated systems might create or enable further opportunities to disrupt or damage critical infrastructure or national security networks.

Foreign Data Science. This field is becoming increasingly mature. Foreign countries are openly purchasing access to published US research through aggregated publication indices, and they are collecting social media and patent data to develop their own indices.

Augmented Reality (AR) and Virtual Reality (VR). AR and VR systems with three-dimensional imagery and audio, user-friendly software, and low price points are already on the market; their adoption will probably accelerate in 2016. AR provides users with additional communications scenarios (e.g. by using virtual avatars) as well as acquisition of new data (e.g. from facial recognition) overlaid onto reality. VR gives users experiences in man-made environments wholly separate from reality.

Protecting Information Resources

Integrity. Future cyber operations will almost certainly include an increased emphasis on changing or manipulating data to compromise its integrity (i.e., accuracy and reliability) to affect decisionmaking, reduce trust in systems, or cause adverse physical effects. Broader adoption of IoT devices and AI—in settings such as public utilities and health care—will only exacerbate these potential effects. Russian cyber actors, who post disinformation on commercial websites, might seek to alter online media as a means to influence public discourse and create confusion. Chinese military doctrine outlines the use of cyber deception operations to conceal intentions, modify stored data, transmit false data, manipulate the flow of information, or influence public sentiments—all to induce errors and miscalculation in decisionmaking.

Infrastructure. Countries are becoming increasingly aware of both their own weaknesses and the asymmetric offensive opportunities presented by systemic and persistent vulnerabilities in key infrastructure sectors including health care, energy, finance, telecommunications, transportation, and water. For example, the US health care sector is rapidly evolving in ways never before imagined, and the cross-networking of personal data devices, electronic health records, medical devices, and hospital networks might play unanticipated roles in patient outcomes. Such risks are only heightened by large-scale theft of health care data and the internationalization of critical US supply chains and service infrastructure.

A major US network equipment manufacturer acknowledged last December that someone repeatedly gained access to its network to change source code in order to make its products' default encryption breakable. The intruders also introduced a default password to enable undetected access to some target networks worldwide.

Interoperability. Most governments are exploring ways to exert sovereign control over information accessible to and used by their citizens and are placing additional legal requirements on companies as they seek to balance security, privacy, and economic concerns. We assess that many countries will implement new laws and technologies to censor information, decrease online anonymity, and localize data within their national borders. Although these regulations will restrict freedoms online and increase the operating costs for US companies abroad, they will probably not introduce obstacles that threaten the functionality of the Internet.

Identity. Advances in the capabilities of many countries to exploit large data sets almost certainly increase the intelligence value of collecting bulk data and have probably contributed to increased targeting of personally identifiable information. Commercial vendors, who aggregate the bulk of digitized information about persons, will increasingly collect, analyze, and sell it to both foreign and domestic customers. We assess that countries are exploiting personal data to inform a variety of counterintelligence operations.

Accountability. Information security professionals will continue to make progress in attributing cyber operations and tying events to previously identified infrastructure or tools that might enable rapid attribution in some cases. However, improving offensive tradecraft, the use of proxies, and the creation of cover organizations will hinder timely, high-confidence attribution of responsibility for state-sponsored cyber operations.

Restraint. Many actors remain undeterred from conducting reconnaissance, espionage, and even attacks in cyberspace because of the relatively low costs of entry, the perceived payoff, and the lack of significant consequences. Moscow and Beijing, among others, view offensive cyber capabilities as an important geostrategic tool and will almost certainly continue developing them while simultaneously discussing normative frameworks to restrict such use. Diplomatic efforts in the past three years have created the foundation for establishing limits on cyber operations, and the norms articulated in a 2015 report of the UN Group of Governmental Experts suggest that countries are more likely to commit to limitations on what cyber operations can target than to support bans on the development of offensive capabilities or on specific means of cyber intervention. For example, in 2015, following a US-Chinese bilateral agreement, G-20 leaders agreed that that no country should conduct or sponsor cyber espionage for the purpose of commercial gain.

Leading Threat Actors

Russia. Russia is assuming a more assertive cyber posture based on its willingness to target critical infrastructure systems and conduct espionage operations even when detected and under increased public scrutiny. Russian cyber operations are likely to target US interests to support several strategic objectives: intelligence gathering to support Russian decisionmaking in the Ukraine and Syrian crises, influence operations to support military and political objectives, and continuing preparation of the cyber environment for future contingencies.

China. China continues to have success in cyber espionage against the US Government, our allies, and US companies. Beijing also selectively uses cyberattacks against targets it believes threaten Chinese domestic stability or regime legitimacy. We will monitor compliance with China's September 2015 commitment to refrain from conducting or knowingly supporting cyber-enabled theft of intellectual property with the intent of providing competitive advantage to companies or commercial sectors. Private-sector security experts have identified limited ongoing cyber activity from China but have not verified state sponsorship or the use of exfiltrated data for commercial gain.

Iran. Iran used cyber espionage, propaganda, and attacks in 2015 to support its security priorities, influence events, and counter threats—including against US allies in the region.

North Korea. North Korea probably remains capable and willing to launch disruptive or destructive cyberattacks to support its political objectives. South Korean officials have concluded that North Korea was probably responsible for the compromise and disclosure of data from a South Korean nuclear plant.

Nonstate Actors. Terrorists continue to use the Internet to organize, recruit, spread propaganda, collect intelligence, raise funds, and coordinate operations. In a new tactic, ISIL actors targeted and released sensitive information about US military personnel in 2015 in an effort to spur "lone-wolf" attacks. Criminals develop and use sophisticated cyber tools for a variety of purposes such as theft, extortion, and

facilitation of other criminal activities such as drug trafficking. "Ransomware" designed to block user access to their own data, sometimes by encrypting it, is becoming a particularly effective and popular tool for extortion for which few options for recovery are available. Criminal tools and malware are increasingly being discovered on state and local government networks.

TERRORISM

The United States and its allies are facing a challenging threat environment in 2016. Sunni violent extremism has been on an upward trajectory since the late 1970s and has more groups, members, and safe havens than at any other point in history. At the same time, Shia violent extremists will probably deepen sectarian tensions in response to real and perceived threats from Sunni violent extremists and to advance Iranian influence.

The Islamic State of Iraq and the Levant (ISIL) has become the preeminent terrorist threat because of its self-described caliphate in Syria and Iraq, its branches and emerging branches in other countries, and its increasing ability to direct and inspire attacks against a wide range of targets around the world. ISIL's narrative supports jihadist recruiting, attracts others to travel to Iraq and Syria, draws individuals and groups to declare allegiance to ISIL, and justifies attacks across the globe. The ISIL-directed November 2015 attacks in Paris and ISIL-Sinai's claim of responsibility for the late October downing of a Russian airliner in the Sinai underscore these dynamics.

Al-Qa'ida's affiliates have proven resilient and are positioned to make gains in 2016, despite counterterrorism pressure that has largely degraded the network's leadership in Afghanistan and Pakistan. They will continue to pose a threat to local, regional, and even possibly global interests as demonstrated by the January 2015 attack on French satirical newspaper *Charlie Hebdo* by individuals linked to al-Qa'ida in the Arabian Peninsula (AQAP). Other Sunni terrorist groups retain the ability to attract recruits and resources.

The United States will almost certainly remain at least a rhetorically important enemy for most violent extremists in part due to past and ongoing US military, political, and economic engagement overseas. Sunni violent extremists will probably continually plot against US interests overseas. A smaller number will attempt to overcome the logistical challenges associated with conducting attacks on the US homeland. The July 2015 attack against military facilities in Chattanooga and December 2015 attack in San Bernardino demonstrate the threat that homegrown violent extremists (HVEs) also pose to the homeland. In 2014, the FBI arrested approximately one dozen US-based ISIL supporters. In 2015, that number increased to approximately five dozen arrests. These individuals were arrested for a variety of reasons, predominantly for attempting to provide material support to ISIL.

US-based HVEs will probably continue to pose the most significant Sunni terrorist threat to the US homeland in 2016. The perceived success of attacks by HVEs in Europe and North America, such as those in Chattanooga and San Bernardino, might motivate others to replicate opportunistic attacks with little or no warning, diminishing our ability to detect terrorist operational planning and readiness. ISIL involvement in homeland attack activity will probably continue to involve those who draw inspiration from

the group's highly sophisticated media without direct guidance from ISIL leadership and individuals in the United States or abroad who receive direct guidance and specific direction from ISIL members or leaders.

ISIL's global appeal continues to inspire individuals in countries outside Iraq and Syria to travel to join the group. More than 36,500 foreign fighters—including at least 6,600 from Western countries—have traveled to Syria from more than100 countries since the conflict began in 2012. Foreign fighters who have trained in Iraq and Syria might potentially leverage skills and experience to plan and execute attacks in the West. Involvement of returned foreign fighters in terrorist plotting increases the effectiveness and lethality of terrorist attacks, according to academic studies. A prominent example is the November 2015 attacks in Paris in which the plotters included European foreign fighters returning from Syria.

ISIL's branches continue to build a strong global network that aims to advance the group's goals and often works to exacerbate existing sectarian tensions in their localities. Some of these branches will also plan to strike at Western targets, such as the downing of a Russian airliner in October by ISIL's self-proclaimed province in Egypt. In Libya, the group is entrenched in Surt and along the coastal areas, has varying degrees of presence across the country, and is well positioned to expand territory under its control in 2016. ISIL will seek to influence previously established groups, such as Boko Haram in Nigeria, to emphasize the group's ISIL identity and fulfill its religious obligations to the ISIL "caliphate."

Other terrorists and insurgent groups will continue to exploit weak governance, insecurity, and economic and political fragility in an effort to expand their areas of influence and provide safe havens for violent extremists, particularly in conflict zones. Sunni violent extremist groups are increasingly joining or initiating insurgencies to advance their local and transnational objectives. Many of these groups are increasingly capable of conducting effective insurgent campaigns, given their membership growth and accumulation of large financial and materiel caches. This trend increasingly blurs the lines between insurgent and terrorist groups as both aid local fighters, leverage safe havens, and pursue attacks against US and other Western interests.

No single paradigm explains how terrorists become involved in insurgencies. Some groups like ISIL in Syria and al-Qa'ida in the Islamic Maghreb (AQIM) in Mali have worked with local militants to incite insurgencies. Others, like Boko Haram, are the sole instigators and represent the primary threat to their respective homeland's security. Still others, including al-Shabaab, are the primary beneficiaries of an insurgency started by others. Finally, other groups, such as core al-Qa'ida, have taken advantage of the relative safe haven in areas controlled by insurgent groups to build capabilities and alliances without taking on a primary leadership role in the local conflict.

Although al-Qa'ida's presence in Afghanistan and Pakistan has been significantly degraded, it aspires to attack the US and its allies. In Yemen, the proven capability of AQAP to advance external plots during periods of instability suggests that leadership losses and challenges from the Iranian-backed Huthi insurgency will not deter its efforts to strike the West. Amid this conflict, AQAP has made territorial gains in Yemen including the seizure of military bases in the country's largest province. Al-Qa'ida nodes in Syria, Pakistan, Afghanistan, and Turkey are also dedicating resources to planning attacks. Al-Shabaab, al-Qaida's affiliate in East Africa, continues its violent insurgency in southern and central Somalia despite losses of territory and influence and conflict among senior leaders.

Iran—the foremost state sponsor of terrorism—continues to exert its influence in regional crises in the Middle East through the Islamic Revolutionary Guard Corps—Qods Force (IRGC-QF), its terrorist partner Lebanese Hizballah, and proxy groups. It also provides military and economic aid to its allies in the region. Iran and Hizballah remain a continuing terrorist threat to US interests and partners worldwide.

Terrorists will almost certainly continue to benefit in 2016 from a new generation of recruits proficient in information technology, social media, and online research. Some terrorists will look to use these technologies to increase the speed of their communications, the availability of their propaganda, and ability to collaborate with new partners. They will easily take advantage of widely available, free encryption technology, mobile-messaging applications, the dark web, and virtual environments to pursue their objectives.

Long-term economic, political, and social problems, as well as technological changes, will contribute to the terrorist threat worldwide. A record-setting 60 million internally displaced persons (IDPs) and refugees as of 2014—one half of whom are children, according to the United Nations—will stress the capacity of host nations already dealing with problems relating to assimilation and possibly make displaced populations targets for recruitment by violent extremists. Among Sunni violent extremist groups, ISIL is probably most proficient at harnessing social media to disseminate propaganda and solicit recruits among a broad audience. It is likely to continue these activities in 2016 by using videos, photos, and other propaganda glorifying life under ISIL rule and promoting the group's military successes. In addition, violent extremist supporters will probably continue to publicize their use of encrypted messaging applications on social media to let aspiring violent extremists know that secure avenues are available by which they can communicate.

The acute and enduring nature of demographic, economic, political, social, and technological factors contribute to the motivation of individuals and groups and their participation in violent extremist activities. These factors ensure that terrorism will remain one of several primary national security challenges for the United States in 2016.

WEAPONS OF MASS DESTRUCTION AND PROLIFERATION

Nation-state efforts to develop or acquire weapons of mass destruction (WMD), their delivery systems, or their underlying technologies constitute a major threat to the security of the United States, its deployed troops, and allies. Use of chemical weapons in Syria by both state and nonstate actors demonstrates that the threat of WMD is real. Biological and chemical materials and technologies, almost always dual use, move easily in the globalized economy, as do personnel with the scientific expertise to design and use them. The latest discoveries in the life sciences also diffuse rapidly around the globe.

North Korea Developing WMD-Applicable Capabilities

North Korea's nuclear weapons and missile programs will continue to pose a serious threat to US interests and to the security environment in East Asia in 2016. North Korea's export of ballistic missiles and associated materials to several countries, including Iran and Syria, and its assistance to Syria's

construction of a nuclear reactor, destroyed in 2007, illustrate its willingness to proliferate dangerous technologies.

We judge that North Korea conducted a nuclear test on 6 January 2016 that it claimed was a successful test of a "hydrogen bomb." Although we are continuing to evaluate this event, the low yield of the test is not consistent with a successful test of a thermonuclear device. In 2013, following North Korea's third nuclear test, Pyongyang announced its intention to "refurbish and restart" its nuclear facilities, to include the uranium enrichment facility at Yongbyon and its graphite-moderated plutonium production reactor, which was shut down in 2007. We assess that North Korea has followed through on its announcement by expanding its Yongbyon enrichment facility and restarting the plutonium production reactor. We further assess that North Korea has been operating the reactor long enough so that it could begin to recover plutonium from the reactor's spent fuel within a matter of weeks to months.

North Korea has also expanded the size and sophistication of its ballistic missile forces—from close-range ballistic missiles to intercontinental ballistic missiles (ICBMs)—and continues to conduct test launches. In May 2015, North Korea claimed that it successfully tested a ballistic missile from a submarine. Pyongyang is also committed to developing a long-range, nuclear-armed missile that is capable of posing a direct threat to the United States; it has publicly displayed its KN08 road-mobile ICBM on multiple occasions. We assess that North Korea has already taken initial steps toward fielding this system, although the system has not been flight-tested.

Although North Korea issues official statements that include its justification for building nuclear weapons and threats to use them as a defensive or retaliatory measure, we do not know the details of Pyongyang's nuclear doctrine or employment concepts. We have long assessed that Pyongyang's nuclear capabilities are intended for deterrence, international prestige, and coercive diplomacy.

China Modernizing Nuclear Forces

The Chinese People's Liberation Army's (PLA's) has established a Rocket Force—replacing the longstanding Second Artillery Corps—and continues to modernize its nuclear missile force by adding more survivable road-mobile systems and enhancing its silo-based systems. This new generation of missiles is intended to ensure the viability of China's strategic deterrent by providing a second-strike capability. In addition, the PLA Navy continues to develop the JL-2 submarine-launched ballistic missile (SLBM) and might produce additional JIN-class nuclear-powered ballistic missile submarines. The JIN-class submarines—armed with JL-2 SLBMs—will give the PLA Navy its first long-range, sea-based nuclear capability.

Russian Cruise Missile Violates the INF Treaty

Russia has developed a ground-launched cruise missile that the United States has declared is in violation of the Intermediate-Range Nuclear Forces (INF) Treaty. Russia has denied it is violating the INF Treaty. In 2013, a senior Russian administration official stated publicly that the world had changed since the INF Treaty was signed 1987 and noted that Russia was "developing appropriate weapons systems" in light of the proliferation of intermediate- and shorter-range ballistic missile technologies around the world, and Russian officials have made statements in the past regarding the unfairness of a Treaty that prohibits

Russia, but not some of its neighbors, from developing and processing ground-launched missiles with ranges between 500 to 5,500 kilometers.

Chemical Weapons in Syria and Iraq

We assess that Syria has not declared all the elements of its chemical weapons program to the Chemical Weapons Convention (CWC). Despite the creation of a specialized team and months of work by the Organization for the Prohibition of Chemical Weapons (OPCW) to address gaps and inconsistencies in Syria's declaration, numerous issues remain unresolved. Moreover, we continue to judge that the Syrian regime has used chemicals as a means of warfare since accession to the CWC in 2013. The OPCW Fact-Finding Mission has concluded that chlorine had been used on Syrian opposition forces in multiple incidents in 2014 and 2015. Helicopters—which only the Syrian regime possesses—were used in several of these attacks.

We assess that nonstate actors in the region are also using chemicals as a means of warfare. The OPCW investigation into an alleged ISIL attack in Syria in August led it to conclude that at least two people were exposed to sulfur mustard. We continue to track numerous allegations of ISIL's use of chemicals in attacks in Iraq and Syria, suggesting that attacks might be widespread.

Iran Adhering to Deal To Preserve Capabilities and Gain Sanctions Relief

Iran probably views the Joint Comprehensive Plan of Action (JCPOA) as a means to remove sanctions while preserving some of its nuclear capabilities, as well as the option to eventually expand its nuclear infrastructure. We continue to assess that Iran's overarching strategic goals of enhancing its security, prestige, and regional influence have led it to pursue capabilities to meet its nuclear energy and technology goals and give it the ability to build missile-deliverable nuclear weapons, if it chooses to do so. Its pursuit of these goals will dictate its level of adherence to the JCPOA over time. We do not know whether Iran will eventually decide to build nuclear weapons.

We also continue to assess that Iran does not face any insurmountable technical barriers to producing a nuclear weapon, making Iran's political will the central issue. Iran's implementation of the JCPOA, however, has extended the amount of time Iran would need to produce fissile material for a nuclear weapon from a few months to about a year. The JCPOA has also enhanced the transparency of Iran's nuclear activities, mainly through improved access by the International Atomic Energy Agency (IAEA) and investigative authorities under the Additional Protocol to its Comprehensive Safeguard Agreement.

As a result, the international community is well postured to quickly detect changes to Iran's declared nuclear facilities designed to shorten the time Iran would need to produce fissile material. Further, the JCPOA provides tools for the IAEA to investigate possible breaches of prohibitions on specific R&D activities that could contribute to the development of a nuclear weapon.

We judge that Tehran would choose ballistic missiles as its preferred method of delivering nuclear weapons, if it builds them. Iran's ballistic missiles are inherently capable of delivering WMD, and Tehran already has the largest inventory of ballistic missiles in the Middle East. Iran's progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including ICBMs.

Genome Editing

Research in genome editing conducted by countries with different regulatory or ethical standards than those of Western countries probably increases the risk of the creation of potentially harmful biological agents or products. Given the broad distribution, low cost, and accelerated pace of development of this dual-use technology, its deliberate or unintentional misuse might lead to far-reaching economic and national security implications. Advances in genome editing in 2015 have compelled groups of high-profile US and European biologists to question unregulated editing of the human germline (cells that are relevant for reproduction), which might create inheritable genetic changes. Nevertheless, researchers will probably continue to encounter challenges to achieve the desired outcome of their genome modifications, in part because of the technical limitations that are inherent in available genome editing systems.

SPACE AND COUNTERSPACE

Space

Global Trends. Changes in the space sector will evolve more quickly in the next few years as innovation becomes more ubiquitous, driven primarily by increased availability of technology and growing private company investment. The number of space actors is proliferating, with 80 countries participating in space activities and more expected in the next few years. New entrants from the private space sector—leveraging lowering costs in aerospace technology and innovations in other technology sectors, such as big data analytics, social media, automation, and additive manufacturing—will increase global access to space-enabled applications, such as imaging, maritime automatic identification system (AIS), weather, Internet, and communications.

Military and Intelligence. Foreign governments will expand their use of space services—to include reconnaissance, communications, and position, navigation, and timing (PNT)—for military and intelligence purposes, beginning to rival the advantages space-enabled services provide the United States. Russia and China continue to improve the capabilities of their military and intelligence satellites and grow more sophisticated in their operations. Russian military officials publicly tout their use of imaging and electronic-reconnaissance satellites to support military operations in Syria—revealing some of their sophisticated military uses of space services.

Counterspace

Threats to our use of military, civil, and commercial space systems will increase in the next few years as Russia and China progress in developing counterspace weapon systems to deny, degrade, or disrupt US space systems. Foreign military leaders understand the unique advantages that space-based systems provide to the United States. Russia senior leadership probably views countering the US space advantage as a critical component of warfighting. Its 2014 Military Doctrine highlights at least three space-enabled capabilities—"global strike," the "intention to station weapons in space," and "strategic non-nuclear precision weapons"—as main external military threats to the Russian Federation. Russia and China are also employing more sophisticated satellite operations and are probably testing dual-use technologies in space that could be applied to counterspace missions.

Deny and Disrupt. We already face a global threat from electronic warfare systems capable of jamming satellite communications systems and global navigation space systems. We assess that this technology will continue to proliferate to new actors and that our more advanced adversaries will continue to develop more sophisticated systems in the next few years. Russian defense officials acknowledge that they have deployed radar-imagery jammers and are developing laser weapons designed to blind US intelligence and ballistic missile defense satellites.

Destroy. Russia and China continue to pursue weapons systems capable of destroying satellites on orbit, placing US satellites at greater risk in the next few years. China has probably made progress on the antisatellite missile system that it tested in July 2014. The Russian Duma officially recommended in 2013 that Russia resume research and development of an airborne antisatellite missile to "be able to intercept absolutely everything that flies from space."

COUNTERINTELLIGENCE

The United States will continue to face a complex foreign intelligence threat environment in 2016. We assess that the leading state intelligence threats to US interests will continue to be Russia and China, based on their capabilities, intent, and broad operational scope. Other states in South Asia, the Near East, East Asia, and Latin America will pose local and regional intelligence threats to US interests. For example, Iranian and Cuban intelligence and security services continue to view the United States as a primary threat.

Penetrating and influencing the US national decisionmaking apparatus and Intelligence Community will remain primary objectives for numerous foreign intelligence entities. Additionally, the targeting of national security information and proprietary information from US companies and research institutions involved with defense, energy, finance, dual-use technology, and other sensitive areas will remain a persistent threat to US interests.

Insiders who disclose sensitive US Government information without authorization will remain a significant threat in 2016. The sophistication and availability of information technology that can be used for nefarious purposes exacerbate this threat both in terms of speed and scope of impact.

Nonstate entities, including international terrorist groups and transnational organized crime organizations, will continue to employ and potentially improve their intelligence capabilities, which include human, cyber, and technical means. Like state intelligence services, these nonstate entities recruit human sources and conduct physical and technical surveillance to facilitate their activities and avoid detection and capture.

TRANSNATIONAL ORGANIZED CRIME

Some US Drug Threats Are Growing

Transnational drug trafficking poses a strong and in many cases growing threat to the United States at home and to US security interests abroad. Supplies of some foreign-produced drugs in the United States are rising, and some criminals who market them are growing more sophisticated.

- Mexican drug traffickers, capitalizing on the strong US demand for heroin, have increased heroin production significantly since 2007. US border seizures nearly doubled between 2010 and 2014. Some Mexican trafficking groups—which collectively supply most of the heroin consumed in the United States—have mastered production of the white heroin preferred in eastern US cities and have been boosting overall drug potency by adding fentanyl. Fentanyl, which is 30 to 50 times more potent than heroin, is sometimes used as an adulterant and mixed with lower-grade heroin to increase its effects or mixed with diluents and sold as "synthetic heroin" with or without the buyers' knowledge.

- Mexican traffickers have probably increased their production of the stimulant methamphetamine for the US market. US border seizures of the drug rose by nearly half between 2013 and 2014.

- Traffickers in the Andean countries have increased their manufacture of cocaine. Producers in Colombia—from which most US cocaine originates—increased output by nearly a third in 2014 over the prior year. Cocaine output will probably rise again in 2016 as previously planted coca crops fully mature.

- US availability of some new psychoactive substances—so-called "designer drugs" typically produced in Asia—has been increasing; UN scientists have identified more than 500 unique substances.

Transnational Organized Crime Groups Target Vulnerable States

Transnational organized crime groups will pose a persistent and at times sophisticated threat to the wealth, health, and security of people around the globe. Criminal groups' untaxed and unregulated enterprises drain state resources, crowd out legitimate commerce, increase official corruption, and impede economic competitiveness and fair trade. On occasion, transnational organized crime groups threaten countries' security, spur increases in social violence, or otherwise reduce governability.

- Profit-minded criminals generally do not seek the reins of political power but rather to suborn, co-opt, or bully government officials in order to create environments in which criminal enterprise can thrive.

- Foreign-based transnational criminals are increasingly using online information systems to breach sovereign borders virtually, without the need to send criminal operatives abroad to advance illicit businesses.

- Organized crime and rebel groups in Africa and elsewhere are likely to increase their involvement in wildlife trafficking to fund political activities, enhance political influence, and purchase weapons. Illicit trade in wildlife, timber, and marine resources endangers the environment, threatens good

governance and border security in fragile regions, and destabilizes communities whose economic well-being depends on wildlife for biodiversity and ecotourism. Increased demand for ivory and rhino horn in East Asia has triggered unprecedented increases in poaching in Sub-Saharan Africa.

Human trafficking exploits and abused individuals and challenges international security. Human traffickers leverage corrupt officials, porous borders, and lax enforcement to orchestrate their illicit trade. This exploitation of human lives for profit continues to occur in every country in the world—undermining the rule of law and corroding legitimate institutions of government and commerce. Trafficking in persons has become a lucrative source of revenue for transnational organized crime groups and terrorist organizations and is estimated to produce tens of billions of dollars annually. For example, terrorist or armed groups—such as ISIL, the Lord's Resistance Army, and Boko Haram—engage in kidnapping for the purpose of sexual slavery, sexual exploitation, and forced labor. These activities might also contribute to the funding and sustainment of such groups.

We assess that the ongoing global migration crises—a post-WWII record 60 million refugees and internally displaced persons—will fuel an increase in the global volume of human trafficking victims as men, women, and children undertake risky migration ventures and fall prey to sex trafficking, forced labor, debt bondage and other trafficking crimes. This continuing rise in global displacement and dangerous migration, both forced and opportunistic movements within countries and across national borders, will probably allow criminal groups and terrorist organizations to exploit vulnerable populations.

ECONOMICS AND NATURAL RESOURCES

Global economic growth will probably remain subdued, in part because of the deceleration of China's economy. During 2015, preliminary figures indicate that worldwide GDP growth slipped to 3.1 percent, down from 3.4 percent the previous year, although advanced economies as a group enjoyed their strongest GDP growth since 2010 at nearly 2 percent. However, developing economies, which were already dealing with broad and sharp commodity-price declines that began in 2014, saw the first net capital outflows to developed countries since the late 1980s.

GDP growth for these economies was 4 percent in 2015, the lowest since 2009. The International Monetary Fund (IMF) is forecasting a slight growth upturn in 2016 but downgraded its forecast in January for both developed and developing economies. Adverse shocks such as financial instability in emerging markets, a steeper-than-expected slowdown in China's growth, or renewed uncertainty about Greece's economic situation, might prevent the predicted gradual increase in global growth.

Macroeconomic Stability

Continued solid performance by the United States and the resumption of growth for many European states, even as the region continues to wrestle with the Greek debt crisis, will probably help boost growth rates for developed economies. However, increasing signs of a sustained deceleration of Chinese economic growth—particularly in sectors that are the most raw-material intensive—contributed to a continued decline in energy and commodity prices worldwide in 2015. Emerging markets and developing countries' difficulties were compounded by the declines in foreign investment inflows and increases in

resident capital outflows. The prospect of higher growth and interest rates in the United States is spurring net capital outflows from these countries, estimated to be more than $700 billion in 2015, compared to an average yearly inflow of more than $400 billion from 2009 to 2014. The global slowdown in trade is also contributing to a more difficult economic environment for many developing economies and might worsen if efforts to advance trade liberalization through the World Trade Organization (WTO) and regional trade deals stall.

Energy and Commodities

Weak energy and commodity prices have been particularly hard on key exporters in Latin America; Argentina and Brazil experienced negative growth and their weakened currencies contributed to domestic inflation. A steeply declining economy in Venezuela—the result of the oil-price decline and years of poor economic policy and profligate government spending—will leave Caracas struggling to avoid default in 2016. Similarly, in Africa, declining oil revenues and past mismanagement have contributed to Angolan and Nigerian fiscal problems, currency strains, and deteriorating external balances. Falling prices have also forced commodity-dependent exporters, such as Ghana, Liberia, and Zambia, to make sharp budget cuts to contain deficits. Persian Gulf oil exporters, which generally have more substantial financial reserves, have nonetheless seen a sharp increase in budget deficits.

Declining energy prices and substantial increases in North American production have also discouraged initiatives to develop new resources and expand existing projects—including in Brazil, Canada, Iraq, and Saudi Arabia. They typically take years to complete, potentially setting the stage for shortfalls in coming years when demand recovers.

Arctic

Diminishing sea ice is creating increased economic opportunities in the region and simultaneously raising Arctic nations' concerns about safety and the environment. Harsh weather and longer-term economic stakes have encouraged cooperation among the countries bordering the Arctic. As polar ice recedes and resource extraction technology improves, however, economic and security concerns will raise the risk of increased competition between Arctic and non-Arctic nations over access to sea routes and resources. Sustained low oil prices would reduce the attractiveness of potential Arctic energy resources. Russia will almost certainly continue to bolster its military presence along its northern coastline to improve its perimeter defense and control over its exclusive economic zone (EEZ). It will also almost certainly continue to seek international support for its extended continental shelf claim and its right to manage ship traffic within its EEZ. Moscow might become more willing to disavow established international processes or organizations concerning Arctic governance and act unilaterally to protect these interests if Russian-Western relations deteriorate further.

HUMAN SECURITY

Environmental Risks and Climate Change

Extreme weather, climate change, environmental degradation, related rising demand for food and water, poor policy responses, and inadequate critical infrastructure will probably exacerbate—and potentially

spark—political instability, adverse health conditions, and humanitarian crises in 2016. Several of these developments, especially those in the Middle East, suggest that environmental degradation might become a more common source for interstate tensions. We assess that almost all of the 194 countries that adopted the global climate agreement at the UN climate conference in Paris in December 2015 view it as an ambitious and long-lasting framework.

- The UN World Meteorological Organization (WMO) report attributes extreme weather events in the tropics and sub-tropical zones in 2015 to both climate change and an exceptionally strong El Niño that will probably persist through spring 2016. An increase in extreme weather events is likely to occur throughout this period, based on WMO reporting. Human activities, such as the generation of greenhouse gas emissions and land use, have contributed to extreme weather events including more frequent and severe tropical cyclones, heavy rainfall, droughts, and heat waves, according to a November 2015 academic report with contributions from scientists at the National Oceanic and Atmospheric Administration (NOAA). Scientists have more robust evidence to identify the influence of human activity on temperature extremes than on precipitation extremes.

- The Paris climate change agreement establishes a political expectation for the first time that all countries will address climate change. The response to the deal has been largely positive among government officials and nongovernmental groups, probably because the agreement acknowledges the need for universal action to combat climate change along with the development needs of lower-income countries. However, an independent team of climate analysts and the Executive Secretary of the UN climate forum have stated that countries' existing national plans to address climate change will only limit temperature rise to 2.7 degrees Celsius by 2100.

Health

Infectious diseases and vulnerabilities in the global supply chain for medical countermeasures will continue to pose a danger to US national security in 2016. Land-use changes will increase animal-to-human interactions and globalization will raise the potential for rapid cross-regional spread of disease, while the international community remains ill prepared to collectively coordinate and respond to disease threats. Influenza viruses, coronaviruses such as the one causing Middle Eastern Respiratory Syndrome (MERS), and hemorrhagic fever viruses such as Ebola are examples of infectious disease agents that are passed from animals to humans and can quickly pose regional or global threats. Zika virus, an emerging infectious disease threat first detected in the Western Hemisphere in 2014, is projected to cause up to 4 million cases in 2016; it will probably spread to virtually every country in the hemisphere. Although the virus is predominantly a mild illness, and no vaccine or treatment is available, the Zika virus might be linked to devastating birth defects in children whose mothers were infected during pregnancy. Many developed and developing nations remain unable to implement coordinated plans of action to prevent infectious disease outbreaks, strengthen global disease surveillance and response, rapidly share information, develop diagnostic tools and countermeasures, or maintain the safe transit of personnel and materials.

- Human encroachment into animal habitats, including clearing land for farm use and urbanization, is recognized as a contributing factor in the emergence of new infectious diseases. The populations of Asia and Africa are urbanizing and growing faster than those of any other region, according to the

UN. Emerging diseases against which humans have no preexisting immunity or effective therapies pose significant risks of becoming pandemics.

Atrocities and Instability

Risks of atrocities, large-scale violence, and regime-threatening instability will remain elevated in 2016. A vicious cycle of conflict resulting from weak governance, the rise of violent non-state actors, insufficient international capacity to respond to these complex challenges, and an increase in global migration all contribute to global security risks. Weak global growth, particularly resulting from the cascading effect of slower Chinese growth that will hurt commodity exporters, will also exacerbate risk.

- Regional spillover will probably spread. For example, the long-term impact of civil war in Syria is reinforcing sectarian differences in Iraq, and the flight of Syrians to Turkey, Jordan, and Lebanon, and than onward to Europe is sowing regional tensions and straining national governments.

- As of 2015, the central governments of seven states are unable to project authority and provide goods and services throughout at least 50 percent of their respective territory; this number is the largest at any point in the past 60 years.

- The risk of waning support for universal human rights norms is increasing as authoritarian regimes push back against human rights in practice and in principle.

Global Displacement

Europe will almost certainly continue to face record levels of arriving refugees and other migrants in 2016 unless the drivers causing this historic movement toward the continent change significantly in 2016, which we judge is unlikely. Migration and displacement will also probably be an issue within Asia and Africa as well as the Americas. In total, about 60 million people are displaced worldwide, according to the UN High Commissioner for Refugees (UNHCR). These 60 million consist of approximately 20 million refugees, 38 million internally displaced persons (IDPs), and approximately 2 million stateless persons, also according to UNHCR statistics.

- Wars, weak border controls, and relatively easy and affordable access to routes and information are driving this historic increase in mobility and displacement.

The growing scope and scale of human displacement will probably continue to strain the response capacity of the international community and drive a record level of humanitarian requests. At the same time, host and transit countries will struggle to develop effective responses and, in some cases, manage domestic fears of terrorists exploiting migrant flows after the Paris attacks in November 2015.

- In 2015, the UN received less than half of its requested funding for global assistance, suggesting that the UN's 2016 request is also likely to be underfunded.

REGIONAL THREATS

Emerging trends suggest that geopolitical competition among the major powers is increasing in ways that challenge international norms and institutions. Russia, in particular, but also China seek greater influence over their respective neighboring regions and want the United States to refrain from actions they perceive as interfering with their interests—which will perpetuate the ongoing geopolitical and security competition around the peripheries of Russia and China, to include the major sea lanes. They will almost certainly eschew direct military conflict with the United States in favor of contests at lower levels of competition—to include the use of diplomatic and economic coercion, propaganda, cyber intrusions, proxies, and other indirect applications of military power—that intentionally blur the distinction between peace and wartime operations.

Although major power competition is increasing, the geopolitical environment continues to offer opportunities for US cooperation. In addition, despite the prospect for increased competition, the major powers, including Russia and China, will have incentives to continue to cooperate with the United States on issues of shared interest that cannot be solved unilaterally. A future international environment defined by a mix of competition and cooperation among major powers, however, will probably encourage ad-hoc approaches to global challenges that undermine existing international institutions.

EAST ASIA

China

China will continue to pursue an active foreign policy—especially within the Asia Pacific—highlighted by a firm stance on competing territorial claims in the East and South China Seas, relations with Taiwan, and its pursuit of economic engagement across East Asia. Regional tension will continue as China pursues construction at its expanded outposts in the South China Sea and because competing claimants might pursue actions that others perceive as infringing on their sovereignty. Despite the meeting between China's and Taiwan's Presidents in November 2015, Chinese leaders will deal with a new president from a different party in Taiwan following elections in January. China will also pursue efforts aimed at fulfilling its "One Belt, One Road" initiative to expand China's economic role and outreach across Asia.

China will continue to incrementally increase its global presence. Mileposts have included symbolic and substantive developments, such as the IMF's decision in November 2016 to incorporate the renminbi into its Special Drawing Rights currency basket and China's opening of the Asian Infrastructure Investment Bank in early 2016. China will increasingly be a factor in global responses to emerging problems, as illustrated by China's participation in UN peacekeeping operations, WHO's Ebola response, and infrastructure construction in Africa and Pakistan.

Amid new economic challenges, Chinese leaders are pursuing an ambitious agenda of economic, legal, and military reforms aimed at bolstering the country's long-term economic growth potential, improving

government efficiency and accountability, and strengthening the control of the Communist Party. The scope and scale of the reform agenda—coupled with an ongoing anti-corruption campaign—might increase the potential for internal friction within China's ruling Communist Party. Additionally, China's leaders, who have declared slower economic growth to be the "new normal," will nonetheless face pressure to stabilize growth at levels that still support strong job creation.

Southeast Asia

Regional integration via the Association of Southeast Asian Nations (ASEAN) made gains in 2015 with the establishment of the ASEAN Community. However, ASEAN cohesion on economic and security issues will continue to face challenges stemming from differing development levels among ASEAN members and their varying threat perceptions of China's regional ambitions and assertiveness in the South China Sea.

Democracy in many Southeast Asian nations remains fragile. Elites—rather than the populace—retain a significant level of control and often shape governance reforms to benefit their individual interests rather than to promote democratic values. Corruption and cronyism continue to be rampant in the region, and the rising threat of ISIL might provide some governments with a new rationale to not only address the terrorist threat but also curb opposition movements, like some leaders in the region did in the post 9/11 environment. The new National League for Democracy-led government in Burma is poised to continue the country's democratic transition process, but given its lack of governing experience, the learning curve will be steep. The Burmese constitution also ensures that the military will retain a significant level of power in the government, hampering the NLD to put its own stamp on the ongoing peace process. In Thailand, the military-led regime is positioned to remain in power through 2017.

North Korea

Since taking the helm of North Korea in December 2011, Kim Jong Un has further solidified his position as the unitary leader and final decision authority through purges, executions, and leadership shuffles. Kim and the regime have publicly emphasized—and codified—North Korea's focus on advancing its nuclear weapons program, developing the country's troubled economy, and improving the livelihood of the North Korean people, while maintaining the tenets of a command economy. Despite efforts at diplomatic outreach, Kim continues to challenge the international community with provocative and threatening behavior in pursuit of his goals, as prominently demonstrated in the November 2014 cyberattack on Sony, the August 2015 inter-Korean confrontation spurred by the North's placement of landmines that injured two South Korean soldiers, and the fourth nuclear test in January 2016.

RUSSIA AND EURASIA

Russia

Moscow's more assertive foreign policy approach, evident in Ukraine and Syria, will have far-reaching effects on Russia's domestic politics, economic development, and military modernization efforts.

President Vladimir Putin has sustained his popular approval at or near record highs for nearly two years after illegally annexing Crimea. Nevertheless, the Kremlin's fears of mass demonstration remain high, and the government will continue to rely on repressive tactics to defuse what it sees as potential catalysts for protests in Russia. The Kremlin's fear of instability and its efforts to contain it will probably be especially acute before the September 2016 Duma election.

The Russian economy will continue to shrink as a result of longstanding structural problems—made worse by low energy prices and economic sanctions—and entered into recession in 2015. A consensus forecast projects that GDP will contract by 3.8 percent in 2015 and will probably decline between 2-3 percent in 2016 if oil prices remain around $40 per barrel or only 0.6 percent if oil returns to $50 per barrel. Real wages declined throughout most of 2015 and the poverty rate and inflation have also worsened.

We assess that Putin will continue to try to use the Syrian conflict and calls for cooperation against ISIL to promote Russia's Great Power status and end its international isolation. Moscow's growing concern about ISIL and other extremists has led to direct intervention on the side of Bashar al-Asad's regime and efforts to achieve a political resolution to the Syrian conflict on Russia's terms. Since the terrorist attacks in Paris and over the Sinai, Russia has redoubled its calls for a broader anti-terrorism coalition. Meanwhile, growing Turkish-Russian tensions since Turkey's shootdown of a Russian jet in November 2015 raise the specter of miscalculation and escalation.

Despite Russia's economic slowdown, the Kremlin remains intent on pursuing an assertive foreign policy in 2016. Russia's willingness to covertly use military and paramilitary forces in a neighboring state continues to cause anxieties in states along Russia's periphery, to include NATO allies. Levels of violence in eastern Ukraine have decreased, but Moscow's objectives in Ukraine—maintaining long-term influence over Kyiv and frustrating Ukraine's attempts to integrate into Western institutions—will probably remain unchanged in 2016.

Since the crisis began in Ukraine in 2014, Moscow has redoubled its efforts to reinforce its influence in Eurasia. Events in Ukraine raised Moscow's perceived stakes for increasing its presence in the region to prevent future regime change in the former Soviet republics and for accelerating a shift to a mulitpolar world in which Russia is the uncontested regional hegemon in Eurasia. Moscow will therefore continue to push for greater regional integration, raising pressure on neighboring states to follow the example of Armenia, Belarus, Kazakhstan, and Kyrgyzstan and join the Moscow-led Eurasian Economic Union.

Moscow's military foray into Syria marks its first use of significant expeditionary combat power outside the post-Soviet space in decades. Its intervention underscores both the ongoing and substantial improvements in Russian military capabilities and the Kremlin's confidence in using them as a tool to advance foreign policy goals. Despite its economic difficulties, Moscow remains committed to modernizing its military.

Russia continues to take information warfare to a new level, working to fan anti-US and anti-Western sentiment both within Russia and globally. Moscow will continue to publish false and misleading information in an effort to discredit the West, confuse or distort events that threaten Russia's image, undercut consensus on Russia, and defend Russia's role as a responsible and indispensable global power.

Ukraine, Belarus, and Moldova

The implementation timeline for the Minsk agreements has been extended through 2016, although opposition from **Ukraine**, Russia, and the separatists on key remaining Minsk obligations might make progress slow and difficult in 2016. Sustained violence along the Line of Contact delineating the separatist-held areas will probably continue to complicate a political settlement, and the potential for escalation remains.

Ukraine has made progress in its reform efforts and its moves to bolster ties to Western institutions. Ukraine will continue to face serious challenges, however, including sustaining progress on key reforms and passing constitutional amendments—required under the Minsk agreements to devolve political power and fiscal authority to the regions.

Belarus continues its geopolitical balancing act, attempting to curry favor with the West without antagonizing Russia. President Lukashenko released several high-profile political prisoners in August 2015 and secured reelection to a fifth term in October 2015 without cracking down on the opposition as he has in previous elections. These developments prompted the EU and the United States to implement temporary sanctions relief, providing a boost to a Belarusian economy.

Moldova faces a turbulent year in 2016. Popular discontent over government corruption and misrule continues to reverberate after a banking scandal sparked large public protests, and political infighting brought down a government coalition of pro-European parties in October 2015. Continued unrest is likely. The breakaway pro-Russian region is also struggling economically and will remain dependent on Russian support.

The Caucasus and Central Asia

Even as **Georgia** progresses with reforms, Georgian politics will almost certainly be volatile as political competition increases. Economic challenges are also likely to become a key political vulnerability for the government before the 2016 elections. Rising frustration among Georgia's elites and the public with the slow pace of Western integration and increasingly effective Russian propaganda raise the prospect that Tbilisi might slow or suspend efforts toward greater Euro-Atlantic integration. Tensions with Russia will remain high, and we assess that Moscow will raise the pressure on Tbilisi to abandon closer EU and NATO ties.

Tensions between **Armenia** and **Azerbaijan** over the separatist region of Nagorno-Karabakh remained high in 2015. Baku's sustained military buildup coupled with declining economic conditions in Azerbaijan are raising the potential that the conflict will escalate in 2016. Azerbaijan's aversion to publicly relinquishing its claim to Nagorno-Karabakh proper and Armenia's reluctance to give up territory it controls will continue to complicate a peaceful resolution.

Central Asian states remain concerned about the rising threat of extremism to the stability of their countries, particularly in light of a reduced Coalition presence in Afghanistan. Russia shares these concerns and is likely to use the threat of instability in Afghanistan to increase its involvement in Central Asian security affairs. However, economic challenges stemming from official mismanagement, low commodity prices, declining trade and remittances associated with Russia's weakening economy, and

ethnic tensions and political repression, are likely to present the most significant instability threat to these countries.

EUROPE

Key Partners

European governments will face continued political, economic, and security challenges deriving from mass migration to Europe, terrorist threats, a more assertive Russia, and slow economic recovery. Differences among national leaders over how best to confront the challenges are eroding support for deeper EU integration and will bolster backing for populist leaders who favor national prerogatives over EU-wide remedial strategies.

The European Commission expects 1.5 million migrants to arrive in Europe in 2016—an influx that is prompting European officials to focus on improving border security, particularly at the Schengen Zone's external borders, and putting the free movement of people within the EU at risk. Several European governments are using military forces in domestic security roles.

The European Commission has warned against drawing a link between terrorists and refugees, but populist and far-right leaders throughout Europe are preying on voters' security fears by highlighting the potential dangers of accepting migrants fleeing war and poverty. Some EU leaders are citing the November 2015 terrorist attacks in Paris to justify erecting fences to stem the flow of people.

European countries will remain active and steadfast allies on the range of national security threats that face both the United States and Europe—from energy and climate change to countering violent extremism and promoting democracy. Although the majority of NATO allies have successfully halted further declines in defense spending, European military modernization efforts will take several years before marked improvement begins to show.

Europe also continues to insist on full implementation of the Minsk agreement to stop violence in Ukraine. However, European governments differ on the proper extent of engagement with Moscow.

Europe's economic growth, which the EU projects will be moderate, could falter if emerging market economies slow further, which would decrease the demand for European exports. The EU continues to struggle to shake off the extended effects of its economic recession, with lingering worries over high unemployment, weak demand, and lagging productivity. Greece also remains a concern for the EU. The agreement between Greece and its creditors is an important step forward for restoring trust among the parties and creating the conditions for a path forward for Greece within the Eurozone. Developing the details of the agreement and its full implementation remain challenges.

The Balkans

Ethnic nationalism and weak institutions in the Balkans remain enduring threats to stability. Twenty years after the end of the Bosnian War and the signing of the Dayton Agreement, Bosnia and Herzegovina

remains culturally and administratively divided, weighed down by a barely functional and inefficient bureaucracy. The country, one of Europe's poorest, has endured negative GDP growth since the 2008 international financial crisis and is reliant on the support of international institutions including the IMF. Youth unemployment, estimated at 60 percent, is the world's highest.

Kosovo has made progress toward full, multiethnic democracy, although tensions between Kosovo Albanians and Kosovo Serbs remain. In Macedonia, an ongoing political crisis and concerns about radicalization among ethnic Albanian Muslims threatens to aggravate already-tense relations between ethnic majority Macedonians and the country's minority Albanians, fifteen years after a violent interethnic conflict between the two groups ended. Social tensions in the region might also be exacerbated if the Western Balkans becomes an unwilling host to significant migrant populations.

Turkey

Turkey remains a partner in countering ISIL and minimizing foreign fighter flows. Ankara will continue to see the Kurdistan Workers' Party (PKK) as its number one security threat and will maintain military and political pressure on the PKK, as well as on the Democratic Union Party (PYD) and its armed affiliate People's Protection Units (YPG), which Turkey equates with the PKK. Turkey is extremely concerned about the increasing influence of the PYD and the YPG along its borders, seeing them as a threat to its territorial security and its efforts to control Kurdish separatism within its borders.

Turkey is concerned about Russia's involvement in the region in support of Asad, the removal of whom Turkey sees as essential to any peace settlement. Turkey is also wary of increased Russian cooperation with the Kurds and greater Russian influence in the region that could counter Turkey's leadership role. The Russian-Iranian partnership and Iran's attempts to expand Shiite influence in the region are also security concerns for Turkey.

The refugee flow puts significant strain on Turkey's economy, which has amounted to $9 billion according to a statement by Turkish President Recep Tayyip Erdogan. Refugees have also created infrastructure and social strains, particularly regarding access to education and employment. Turkey tightened its borders in 2015 and is working to stanch the flow of migrants to Europe and address refugee needs.

MIDDLE EAST AND NORTH AFRICA

Iraq

In Iraq, anti-ISIL forces will probably make incremental battlefield gains through spring 2016. Shia militias and Kurdish forces in northern Iraq have recaptured Bayji and Sinjar, respectively, from the Islamic State of Iraq and the Levant (ISIL). In western Iraq, the Iraqi Security Forces (ISF) have retaken most of the greater Ramadi area from ISIL and will probably clear ISIL fighters from the city's urban core in the coming month.

ISIL's governance of areas it controls is probably faltering as airstrikes take a toll on the group's sources of income, hurting ISIL's ability to provide services, and causing economic opportunities for the population

to dwindle. Even so, the Iraqi Sunni population remains fearful of the Shia-dominated government in Baghdad. This fear has been heightened as Iranian-backed Shia militias play a lead role in retaking Sunni-majority areas, suggesting Iraq's Sunnis will remain willing to endure some deprivation under ISIL rule.

Prime Minister Haydar al-Abadi will probably continue to struggle to advance his reforms—which aim to combat corruption and streamline government—because of resistance from Iraqi elites who view the reforms as threatening to their entrenched political interests. Meanwhile, the drop in oil prices is placing strain on both Baghdad's and Irbil's budgets, constraining their ability to finance counter-ISIL operations and limiting options to address potential economically driven unrest.

Syria

We assess that foreign support will allow Damascus to make gains in some key areas against the opposition and avoid further losses, but it will be unable to fundamentally alter the battlespace. Increased Russian involvement, particularly airstrikes, will probably help the regime regain key terrain in high priority areas in western Syria, such as Aleppo and near the coast, where it suffered losses to the opposition in summer 2015. ISIL is under threat on several fronts in Syria and Iraq from increased Coalition and government operations.

Manpower shortages will continue to undermine the Syrian regime's ability to accomplish strategic battlefield objectives. The regime still lacks the personnel needed to capture and hold key areas and strategically defeat the opposition or ISIL. Damascus increasingly relies on militias, reservists, and foreign supporters—such as Iran and Lebanese Hizballah—to generate manpower, according to press reporting.

The Syrian regime and most of the opposition are participating in UN-mediated talks that started in early February in Geneva. Both sides probably have low expectations for the negotiations, with the opposition calling for ceasefires and humanitarian assistance as a precondition. The negotiations, without a ceasefire agreement, will not alter the battlefield situation.

The humanitarian situation in Syria continues to deteriorate. In December 2015 and January 2016, the number of Syrian refugees registered or in the process of registering in the Middle East and North Africa rose by nearly 102,000 from 4.3 million to 4.4 million, according to UN data. The refugees are putting significant strain on countries surrounding Syria as well as on Europe. Turkey hosts more than 2.2 million refugees; Lebanon has about 1.1 million; Jordan has more than 630,000; Iraq has 245,000. Approximately 500,000 have fled to Europe, according to the UN. The more than 4 million refugees and 6.5 million estimated internally displaced persons (IDPs) account for 49 percent of Syria's preconflict population.

- Estimates of fatalities in Syria since the start of the civil war vary, but most observers calculate that at least 250,000 men, women, and children on all sides of the conflict have lost their lives since 2011.

- On 22 December, the UN Security Council unanimously adopted resolution 2258, which renews the UN's authority to utilize cross-border deliveries for humanitarian assistance to Syria through 10

January 2017. Since July 2014, the UN has provided food to 2.4 million people, water and sanitation to 1.3 million people, and medical supplies to 4.1 million people through its cross-border deliveries.

- Separately, the Syrian Government began requiring in mid-November that aid agencies get humanitarian assistance notarized by the Syrian embassies in the country of product origin. This requirement previously applied only to commercial goods and might delay future UN food deliveries within Syria, according to the UN.

Libya

We assess that insecurity and conflict in Libya will persist in 2016, posing a continuing threat to regional stability. The country has been locked in civil war between two rival governments and affiliated armed groups. The 17 December signing of a UN-brokered agreement to form a Government of National Accord (GNA) resulted from a year-long political dialogue that sought to end the ongoing civil war and reconcile Libya's rival governments. However, the GNA will face a number of obstacles in establishing its authority and security across the country. The GNA still faces the difficult task of forming a capable, centralized security force. It will also be challenged to confront terrorist groups such as ISIL, which has exploited the conflict and political instability in the country to expand its presence.

- The rival governments—the internationally recognized Tobruk-based House of Representatives (House) and the Tripoli-based General National Congress (GNC) have participated in UN-brokered peace talks since fall 2014. Reaction to the deal and the proposed GNA has been mixed, and hardliners on both sides have opposed the agreement.

- (U) On 25 January, the House voted to approve the UN-brokered deal with conditions but rejected a controversial article granting the GNA's Presidency Council interim control of the military. The House also rejected the GNA's proposed cabinet and demanded a smaller ministerial slate.

- Libya's economy has deteriorated because of the conflict. Oil exports—the primary source of government revenue—have fallen significantly from the pre-revolution level of 1.6 billion barrels per day. Libya's oil sector also faces continued threats from terrorist groups; ISIL attacked oil production and export facilities in February 2015, September 2015, and January 2016.

Meanwhile, extremists and terrorists have exploited the security vacuum to plan and launch attacks in Libya and throughout the region. The permissive security environment has enabled ISIL to establish one of its most developed branches outside of Syria and Iraq. As of late 2015, ISIL's branch in Libya maintained a presence in Surt, Benghazi, Tripoli, Ajdabiya, and other areas of the country, according to press reports. Members of ISIL in Libya continue to stage attacks throughout the country.

Yemen

The Yemen conflict will probably remain in a strategic stalemate through mid-2016. Negotiations between the Saudi-led coalition and the Huthi-aligned forces remain stalled, but neither side is able to achieve decisive results through military force. Huthi-aligned forces almost certainly remain committed to fighting following battlefield setbacks in the Aden and Marib Governorates in 2015 and probably intend to retake lost territory in those areas.

Nonetheless, regional stakeholders on both sides of Yemen's conflict, including Iran, which continues to back the Huthis, are signaling willingness to participate in peace talks. Even a cease-fire of a few days or weeks would facilitate the entry and distribution of commercial and humanitarian goods inside Yemen, where at least 21 million people—80 percent of the population—require assistance, according to the UN.

AQAP and ISIL's affiliates in Yemen have exploited the conflict and the collapse of government authority to gain new recruits and allies and expand their territorial control. In December, AQAP seized the southern city of Zinjibar, adding to its capture of the coastal city of Mukalla to the east.

Iran

Since January, Tehran met the demands for implementation of the Joint Comprehensive Plan of Action (JCPOA), exchanged detainees, and released 10 US sailors. Despite these developments, the Islamic Republic of Iran presents an enduring threat to US national interests because of its support to regional terrorist and militant groups and the Asad regime, as well as its development of advanced military capabilities. Tehran views itself as leading the "axis of resistance"—which includes the Asad regime and subnational groups aligned with Iran, especially Lebanese Hizballah and Iraqi Shia militants. Their intent is to thwart US, Saudi, and Israeli influence, bolster its allies, and fight ISIL's expansion. Tehran might even use American citizens detained when entering Iranian territories as bargaining pieces to achieve financial or political concessions in line with their strategic intentions.

Iran's involvement in the Syrian, Iraqi, and Yemeni conflicts deepened in 2015. In Syria, Iran more openly acknowledged the deaths of Iranian "martyrs," increased Iranian troop levels, and took more of a frontline role against "terrorists." In Iraq, Iranian combat forces employed rockets, artillery, and drones against ISIL. Iran also supported Huthi rebels in Yemen by attempting to ship lethal aid to the Huthis. Tehran will almost certainly remain active throughout the Persian Gulf and broader Middle East in 2016 to support its regional partners and extend its regional influence. Iranian officials believe that engaging adversaries away from its borders will help prevent instability from spilling into Iran and reduce ISIL's threat to Iran and its regional partners. Iran has also increased cooperation with Russia in the region.

Supreme Leader Khamenei continues to view the United States as a major threat to Iran, and we assess that his views will not change, despite implementation of the JCPOA deal. In October 2015, Khamenei publicly claimed the United States was using the JCPOA to "infiltrate and penetrate" Iran. His statement prompted the Iranian hardliner-dominated security services to crack down on journalists and businessmen with suspected ties to the West. The crackdown was intended by hardliners to demonstrate to President Ruhani and to Washington that a broader opening to the West following JCPOA would not be tolerated. Iran released several US citizens in January 2016 who were being held in Iran; however, it might attempt to use any additional US citizens as bargaining chips for US concessions.

Iran's military and security services are keen to demonstrate that their regional power ambitions have not been altered by the JCPOA deal. One week prior to JCPOA Adoption Day, Iran publicized the launch of its new "long-range" and more accurate ballistic missile called the "Emad." Iran also publicizes development of its domestically produced weapons systems, submarines and surface combatants, artillery, and UAVs to deter potential adversaries and strengthen its regional influence and prestige.

Iran's involvement in the Syrian and Iraqi conflicts has enabled its forces to gain valuable on-the-ground experience in counterinsurgency operations.

Lebanon

Lebanon will continue to struggle with the fallout from the civil war in neighboring Syria and faces a range of interlocking political, security, humanitarian, and economic challenges. The spillover from the Syrian conflict has had negative consequences on almost all aspects of life in Lebanon, from rising sectarianism to major strains on infrastructure and public services, further straining the country's delicate political balance.

- Lebanon's most immediate security threat is from Syrian-based extremists on its northeastern border. The Lebanese army has carried out multiple operations against Nusrah Front and ISIL to secure the border and prevent against the flow of terrorists into the country. Beirut also faces threats from Sunni extremists in the country who are retaliating against Lebanese Hizballah's military involvement in the Syrian civil war.

- The influx of about 1.1 million Sunni Syrian refugees to Lebanon has altered the country's sectarian demographics and is badly straining public services and burdening the economy. The Lebanese economy will probably remain stagnant throughout 2016, as protracted regional instability and political gridlock at home continue to erode the country's competitiveness.

Egypt

Egypt faces a persistent threat of terrorist and militant activity directed primarily at state security forces in both the Sinai Peninsula and in mainland Egypt. The security services have initiated a counterterrorism campaign to disrupt and detain Sinai-based militants; however, terrorist groups still retain the ability to conduct attacks.

- ISIL's branch in Sinai (ISIL-Sinai) has conducted dozens of lethal attacks on military and security personnel, some of which suggest sophisticated and coordinated attack planning, according to press reports.

- ISIL-Sinai claimed responsibility for the downing of a Russian aircraft in the Sinai in October 2015, which, if true, would demonstrate the expanding threat from ISIL and its regional branches.

- The continued threat of terrorism places further strain on Egypt's economy by harming Egypt's tourism industry, a key source of revenue. The country is also grappling with high poverty and unemployment rates.

Tunisia

Tunisia's first post-transitional democratic government since the 2011 Arab Spring revolution is marking its first year in office. Since the revolution, the country has overcome deep political divisions to reach consensus on key political issues, develop a new constitution, and elect a new government, according to

press and academic reports. Despite the government's significant strides in its democratic transition, Tunisia faces challenges in consolidating these achievements.

- Tunisia is confronting a threat from terrorist groups exploiting Libya's permissive environment to plan and launch attacks, as well as from groups operating within Tunisia's borders, according to press reports. The perpetrators of the terrorist attack on the Bardo Museum in Tunis in March 2015 and hotels in Sousse in June—both claimed by ISIL—trained at a terrorist camp in Libya, according to press reports.

- The government inherited high unemployment, particularly among youth, and a high budget deficit according to press reports. The Bardo and Sousse terrorist attacks have disrupted tourism, a critical source of revenues and jobs.

SOUTH ASIA

Afghanistan

The Kabul Government will continue to face persistent hurdles to political stability in 2016, including eroding political cohesion, assertions of authority by local powerbrokers, recurring financial shortfalls, and countrywide, sustained attacks by the Taliban. Political cohesion will remain a challenge for Kabul as the National Unity Government will confront larger and more divisive issues later in 2016, including the implementation of election reforms, long-delayed parliamentary elections, and a potential change by a Loya Jirga that might fundamentally alter Afghanistan's constitutional order. Kabul will be unable to effectively address its dire economic situation or begin to curb its dependence on foreign aid until it first contains the insurgency, which is steadily chipping away at Afghanistan's security. In this environment, international financial aid will remain the most important external determinant of the Kabul government's strength. We assess that fighting in 2016 will be more intense than 2015, continuing a decade-long trend of deteriorating security that will compound these challenges. The fighting will continue to threaten US personnel, our Allies, and international partners—including Afghans—particularly in Kabul and other urban population centers. The Afghan National Security Forces (ANSF), with the help of anti-Taliban powerbrokers and international funding, will probably maintain control of most major population centers. However, the forces will very likely cede control of some rural areas. Without international funding, the ANSF will probably not remain a cohesive or viable force.

The Taliban has largely coalesced and is relatively cohesive under the leadership of new Taliban Senior Leader Mullah Akhtar Mohammad Mansur despite some early opposition. The Taliban's two-week seizure of the provincial capital of Kunduz provided an important boost to Mansur's leadership. The Taliban will continue to test the overstretched ANSF faced with problematic logistics, low morale, and weak leadership.

The Islamic State of Iraq and the Levant (ISIL) announced in January 2015 the formation of its Khorasan branch in South Asia, an amalgamation of primarily disaffected and rebranded former Afghan Taliban and Tehrik-e Taliban Pakistan (TTP) members. Despite quick early growth in 2015, ISIL's Khorasan branch

will probably remain a low-level threat to Afghan stability as well as to US and Western interests in the region in 2016.

Bangladesh

Prime Minister Sheikh Hasina's continuing efforts to undermine the political opposition in Bangladesh will probably provide openings for transnational terrorist groups to expand their presence in the country. Hasina and other government officials have insisted publically that the killings of foreigners are the work of the Bangladesh Nationalist Party and the Bangladesh Jamaat-e Islami political parties and are intended to discredit the government. However, ISIL claimed responsibility for 11 high-profile attacks on foreigners and religious minorities. Other extremists in Bangladesh—including Ansarullah Bangla Team and al-Qa'ida in the Indian Subcontinent (AQIS)—have claimed responsibility for killing at least 11 progressive writers and bloggers in Bangladesh since 2013.

Pakistan and India

Relations between Pakistan and India remain tense despite the resumption of a bilateral dialogue in December. Following a terrorist attack in early January on Pathankot Air Force base in India, which New Delhi blames on a Pakistani-based group, India's engagement with Pakistan will probably hinge in 2016 on Islamabad's willingness to take action against those in Pakistan linked to the attack.

SUB-SAHARAN AFRICA

Central Africa

Prospects for delayed elections in the **Democratic Republic of the Congo**, originally scheduled for 2016, increase the risk of political tensions and perhaps violence. Violence might also break out in the **Republic of Congo** where a controversial October 2015 constitutional referendum paved the way for long-serving President Denis Sassou-Nguesso to run for a new term in 2016 elections. Both governments have resorted to heavy-handed tactics to stifle opposition and subdue or prevent election-related protests.

In **Burundi**, violence related to President Pierre Nkurunziza's controversial reelection in July 2015 will almost certainly continue as a simmering crisis. The conflict might expand and intensify if increased attacks between the government and armed opposition provoke a magnified response from either side or if the security services fracture into divided loyalties.

The **Central African Republic** held peaceful presidential and parliamentary elections in late December, although they were marred by logistical issues. A run-off will probably take place in mid-February between the two top candidates, and we do not know how the armed spoilers and losing candidates will react. The risk of continued ethno-religious clashes between Christians and Muslims throughout the country remains high despite the presence of international peacekeeping forces, which are increasingly targets of violence.

Somalia

The Somali Federal Government's authority will probably remain largely confined to the capital in 2016, and Mogadishu will continue to rely on the African Union Mission in Somalia (AMISOM) as a security guarantor against al-Shabaab as it prepares for elections in 2016.

South Sudan

Implementation of the peace agreement between Juba and opposition elements will be slow as spoilers from both sides seek to stall progress. The return of former opposition members to Juba will almost certainly cause jockeying for positions of power. Localized fighting will continue and probably spread to previously unaffected areas, causing the humanitarian situation to worsen. Economic conditions will probably deteriorate further as inflation remains high and prices for staple goods rise, fueling dissatisfaction with the government.

Sudan

President Bashir consolidated power following his reelection in April 2015, but the regime will continue attempts at a national dialogue, which will probably not placate a divided political opposition. The regime will almost certainly confront a range of challenges, including public dissatisfaction over a weakened economy. Divisions among armed opponents will almost certainly inhibit their ability to make significant gains against Khartoum. However, elements of the opposition will continue to wage insurgencies in the Southern Kordofan and Blue Nile states and Darfur. Sudan, listed as a state sponsor of terror since 1993, cut diplomatic ties with Iran in January following an attack on the Saudi Embassy in Tehran. Since 2014, Sudan's relations with Iran have cooled as Khartoum has grown closer to Riyadh.

Nigeria

President Muhammadu Buhari and the Nigerian government will confront a wide range of challenges in 2016, many of which are deeply rooted and have no "quick fixes." His tasks include reviving a struggling economy – Africa's largest – diversifying sources of government revenue beyond oil, reining in corruption, addressing mounting state debts, reforming redundant parastatal organizations, and developing the power, agriculture, and transportation sectors. Nigeria will continue to face internal threats from Boko Haram, which pledged loyalty to the Islamic State in Iraq and the Levant (ISIL) in March 2015. Despite losing territory in 2015, Boko Haram will probably remain a threat to Nigeria throughout 2016 and will continue its terror campaign within the country and in neighboring Cameroon, Niger, and Chad.

LATIN AMERICA AND CARIBBEAN

Central America

Strong family ties to the United States—as well as gang violence, a lack of jobs, and a worsening drought in Central America's northern tier—will sustain high rates of migration to the United States in 2016. Weak institutions, divided legislatures, low levels of tax collection, and high debts will constrain efforts to

improve rule of law, tackle corruption, and alleviate poverty. Homicide rates in the region remain among the highest in the world and spiked in El Salvador to levels not seen since the country's civil war from 1979 to 1992. The people hardest hit by the drought include most of the region's subsistence farmers, who constitute 25 to 40 percent of the population in Guatemala and Honduras. The prolonged drought will probably affect 3.5 million people in the region in 2016.

Cuba

Cuban leaders will remain focused on preserving political control as they prepare for a probable presidential transition in 2018. Economic reforms to reduce the state role in the economy and promote private economic activity will continue at a slow pace, in part because of probable resistance from senior leaders and government officials concerned that rapid changes might provoke popular unrest. Living standards will remain poor. Along with fears among the Cuban population that the United States will repeal the 1966 Cuban Adjustment Act, the statute allowing Cuban nationals to apply to become lawful permanent US residents, these trends sustain the increasing migration of undocumented Cubans. Migration is particularly acute across the US southwest border where 31,000 Cubans crossed in FY2015, a 76-percent increase over the prior year..

Venezuela

The opposition alliance won a much-coveted majority in the December 2015 national assembly elections, setting the stage for a political showdown in 2016 between the legislative and executive branches. The opposition will seek to implement its policy agenda, which might include pursuing a presidential recall referendum. Economic issues will also figure prominently on the domestic agenda for 2016. Caracas will probably encounter fiscal pressures as it seeks to avoid a default on its sovereign debt in 2016; the economy is suffering from a severe recession that the IMF projects will cause it to contract by at least 8 percent in 2016. Venezuela's government has declined to release complete official figures on macroeconomic indicators, such as inflation and growth.

Brazil

Brazil's investigation into corruption at state-controlled oil company Petrobras will probably continue through 2016. Scores of Petrobras officials, construction firm executives, and politicians have been jailed since the probe was launched in March 2014. Brazil lost its investment-grade rating in December 2015 after the second credit agency in three months downgraded the country's debt to junk status. Further damaging revelations from the probe might prolong political gridlock in Brazil. Meanwhile, preparations are underway in Brazil to address infrastructure, logistics, and security issues involved in hosting the 2016 Summer Olympics in Rio. Organizers are using past Olympics as models, cooperating with foreign governments, and building upon Brazil's experience organizing a large and sustained security posture such as when it hosted the World Cup in 2014.

Chairman MCCAIN. General Stewart.

STATEMENT OF LIEUTENANT GENERAL VINCENT R. STEWART, USMC, DIRECTOR OF THE DEFENSE INTELLIGENCE AGENCY

General STEWART. Chairman McCain, Ranking Members—Ranking Member Reed, members of the committee, thank you for this opportunity to provide the Defense Intelligence Agency's [DIA] assessment of global security environment and the threats facing the Nation.

Mr. Chairman, my statement for the record details a range of multifaceted challenges, adversaries, threats, foreign military capabilities, and transnational terrorist networks. Taken together, these issues reflect the diversity, scope, and complexity of today's challenges to our national security. In my opening remarks, I would like to highlight just a few of these threats.

The Islamic State in the Levant: With coalition forces engaged against the Islamic State of Iraq in the Levant, DIA is helping the warfighter and our policymakers better understand both the ideology and the capabilities of ISIL. ISIS—ISIL, as well as like-minded extremists are born out of the same extreme and violent Sunni Salafist ideology. These Salafi jihadists are determined to restore the caliphate and, as they have shown, are willing to justify extreme violence in their efforts to impose their social order on others. As the Paris attacks demonstrated, ISIL has become the most significant terrorist threats to the United States and our allies. In 2015, the group remained entrenched in Iraq and Syria, and expanded globally. Spectacular external attacks demonstrate ISIL's relevance and reach, and are a key part of their narrative. ISIL will probably attempt to conduct additional attacks in Europe and attempt to direct attacks on the United States homeland in 2016. ISIL's foreign fighter cadre is core to its external attack capability, and the large number of Western jihadists in Iraq and Syria will pose a challenge for Western security services.

On the ground in Syria and Iraq, ISIL continues to control large swaths of territory. In 2015, coalition airstrikes impeded ISIL's ability to operate openly in Iraq and Syria, curtailed its use of conventional military equipment, and forced it to lower its profile. In 2016, the growing number of anti-ISIL forces and emerging resource shortfalls will probably challenge ISIL's ability to govern in Iraq and Syria. However, the group will probably retain Sunni Arab urban centers.

In Afghanistan: In their first full year in the lead, Afghan Security Forces increasingly conducted independent operations. However, these forces struggled to adapt to a lack of coalition enablers and the high operational tempo, which led to uneven execution of operations. As a result, insurgents expanded their influence in rural areas, limiting the extension of government control. The deployment of Afghan specialized units and their enablers will be necessary to continue securing key population centers.

In Russia: Russian military activity has continued at historical high. Moscow continues to pursue aggressive foreign and defense policies, including conducting operations in Syria, sustaining involvement in the Ukraine, and expanding military capabilities in the Arctic. Last year, the Russian military continued its robust exercise schedule and aggressively and occasionally provocative out-

of-area deployments. We anticipate similar high levels of military activity in 2016.

China is pursuing a long-term comprehensive military modernization program to advance its core interests, which include maintaining its sovereignty, protecting its territorial integrity, and projecting its regional influence, particularly in the South China Sea. In addition to modernizing equipment and operations, the PLA has undergone massive structural reforms, including increasing the number of navy, air force, and rocket force personnel, establishing a theater joint command system, and reducing their current military regions down to five joint theater of operations. China has the world's largest and most comprehensive missile force and has prioritized the development and deployment of regional ballistic and cruise missiles to expand its conventional strike capabilities against U.S. forces in the region. They field an anti-ship ballistic missile, which provides the capability to attack U.S. aircraft carriers in the western Pacific ocean. China also displayed a new intermediate-range ballistic missile capable of striking Guam during its September 2015 military parade in Beijing.

North Korea's nuclear weapons program and evolving ballistic missile programs are a continuing threat. In early January, North Korea issued a statement claiming that it had successfully carried out a nuclear test. A couple days ago, they conducted their sixth space launch. This launch was the second launch to place a satellite into orbit. The DPRK display of a new or modified mobile ICBM during their recent parade, and its 2015 test of a new submarine-launch ballistic missile capability, further highlight Pyongyang's commitment to diversifying its missile force and nuclear delivery options. North Korea is—also continues to its effort to expand its stockpile of weapons-grade fissile material.

In space, China and Russia increasingly recognize the strategic value of space and are focused on diminishing our advantage, with the intent of denying the U.S. the use of space in the event of conflict. Both countries are conducting anti-satellite research and developing anti-satellite weapons, making the space domain increasingly competitive, contested, and congested.

In cyberspace, DIA remains concerned about the growing capabilities of advanced state actors, such as Russia and China. These actors target DOD personnel, networks, supply chain, research and development, and critical infrastructure information in cyber domain. Iran and North Korea also remain a significant threat to conduct disruptive cyberspace attacks. Nonstate actors' use of cyberspace to recruit, propagandize, and conduct open-source research remains a significant challenge.

Mr. Chairman, the men and women of your DIA are providing unique defense intelligence around the world and around the clock to warfighters, defense planners, the defense acquisition community, and policymakers to provide warning and defeat these and other threats. I look forward to the committee's questions.

[The prepared statement of General Stewart follows:]

Statement for the Record

Worldwide Threat Assessment

Armed Services Committee
United States Senate

Vincent R. Stewart, Lieutenant General, U.S. Marine Corps

Director, Defense Intelligence Agency

February 9, 2016

Information available as of February 7, 2016 was used in the preparation of this assessment

INTRODUCTION

Chairman McCain, Ranking Member Reed, and Members of the Committee, thank you for the invitation to provide the Defense Intelligence Agency's (DIA) assessment of the global security environment and to address the threats facing the nation. They include a list of multifaceted challenges, adversaries, asymmetric threats, the emergence of foreign militaries with near peer capabilities, and highly adaptive transnational terrorist networks. This Statement for the Record has organized these threats regionally, followed by global issues such as Cyber, International Terrorism, and Foreign Intelligence capabilities, to include insider threats. These issues taken together reflect the diversity, scope and complexity of today's challenges to our national security.

The men and women of your DIA are stationed around the globe, leading the intelligence community in providing unique defense intelligence from the strategic to the operational to the tactical. They deliver decision advantage to warfighters, defense planners, the defense acquisition community and policymakers. DIA men and women — uniformed and civilian — know they have a unique responsibility to the American people and take great pride in their work. I am privileged to serve with them and present their analysis to you. My hope in this hearing is to help the nation — through the important oversight role of Congress — to better understand the global challenges it faces and to support this committee in developing possible responses to these threats. On behalf of the entire Defense Intelligence Enterprise, thank you for your continued confidence. Your support is vital to us.

REGIONAL THREATS

MIDDLE EAST

I will begin today with Middle East security challenges, where the region, in my opinion, is now facing one of the most dangerous and unpredictable periods in its modern history. The security challenges have rapidly multiplied since 2011, as nations are confronted with simultaneous internal and external threats including terrorism, subnational armed groups, and conventional military threats. The region's threat environment has become more dangerous and unpredictable with the Islamic State of Iraq and the Levant's (ISIL) emergence, and many nations are using the rubric of combatting terrorists to eliminate their political or sectarian adversaries. Drivers of unrest — aging authoritarian leaders, lack of political transparency, corruption, insufficient economic opportunity, and sparse social mobility — will also remain, compounded by the consequences of the Arab Awakening: civil conflict, ungoverned spaces, social cleavages, instability spillover, and growing Iranian involvement. My comments on this volatile and important region will focus on Syria, Iraq and Iran.

SYRIA: The civil war in Syria is a manifestation of the region's precarious transition since 2011. As the two sides pursue political dialogue, the regime is unlikely to be militarily defeated or collapse in the near-term and is poised to enter 2016 in a stronger military position against the opposition in light of increased support from its key allies: Iran, Lebanese Hizballah, and Russia. Increased Russian involvement probably will also help the regime regain key terrain in high priority areas, such as Aleppo and Idlib.

Despite regime advantages, territory is likely to be contested in 2016. We anticipate the regime's strategy will be to bolster defenses along Syria's western spine — from northern Dara to northeastern Latakia — and to conduct operations to impede key opposition supply lines. We also expect the regime to press ISIL and secure areas around the Ash Shaer gas fields, degrading the group's presence around key energy infrastructure sites.

A divided Syrian opposition is likely to suffer from inconsistent command and control and access to resources. Anti-regime forces continue to fight each other and the regime, with al-Qa'ida's Syria-based affiliate Al-Nusrah Front and ISIL making gains at the expense of more moderate anti-regime forces. Increased Russian involvement is likely to harden the opposition's stance towards the regime and may undermine moderate forces cohesion, increasing the chance for radicalization among moderate opposition members. This could result in opposition groups cooperating or merging with terrorist groups to survive regime offensives. The Kurdish-dominated Syrian Democratic Force likely will seek to cut lines of control to ISIL's de facto capital of Raqqah, but will probably be incapable of capturing it.

ISIL controls large swaths of Syria and Iraq, to include strongholds of Raqqah, Mosul, and Fallujah. In 2015, coalition airstrikes impeded ISIL's ability to operate openly in Iraq and Syria, caused it to curtail use of conventional military equipment, and forced it to lower its profile. In 2016, the growing number of anti-ISIL forces and emerging resource issues will probably challenge ISIL's ability to govern in Iraq and Syria. However, the group probably will retain large Sunni Arab urban centers, enabled by strong military capabilities, leadership, and command and control.

IRAQ: Systemic institutional deficiencies hinder the progress of the Iraqi Security Forces (ISF), the Kurdish Peshmerga, and Shia and Sunni Popular Mobilization Forces (PMF) in achieving key military objectives against ISIL. The ISF lacks sufficient logistics and military preparedness, exacerbating poor morale. Force generation is complicated by a lack of experienced and qualified soldiers, while funding and materiel shortfalls hamper the Sunni mobilization program.

The ISF cannot defend against foreign threats or sustain conventional military operations against domestic challenges without continued foreign assistance. The recapture of Sinjar in November and the Ramadi government center in December depended on extensive coalition airstrikes and other support. Through 2016, the ISF writ large is likely to continue to need coalition support to combat ISIL on multiple fronts. Iraq is diversifying defense acquisitions through foreign suppliers such as Russia, Iran, and other non-U.S. suppliers to overcome equipment shortfalls and capability gaps. However, the ISF lacks a coherent procurement strategy, adversely impacting the interoperability of current and future military equipment.

In 2016, we expect the Government of Iraq to rely heavily on support from the primarily Shia Popular Mobilization Committee (PMC) forces. PMC forces, with ISF support, made gains last year against ISIL in the strategically important city of Bayji. They are now poised to attack ISIL in Bayji's surrounding areas. Kurdish forces have also re-taken territory from ISIL in Northern Iraq, and we expect continued Kurdish counter-ISIL operations in 2016. The Kurds likely will maintain, and possibly expand, their buffer zone with ISIL, which could include moving further into ethnically-mixed areas in northern Iraq. Such moves serve to amplify existing tensions

between the Peshmerga and Baghdad's forces in these areas, and threaten to intensify sectarian tensions between Arabs and Kurds in northern Iraq. While there have been no attacks against U.S. or coalition forces by Iran, Lebanese Hizballah, or their proxies, the potential threat will almost certainly persist through 2016.

IRAN: Iran remains a threat to regional stability as its national interests often diverge from our own and those of our regional allies. Iran's national security priorities are ensuring regime survival, expanding regional influence, and enhancing Tehran's military capabilities and deterrence posture.

Iran's security strategy is based on deterrence, withstanding an initial strike should deterrence fail, and retaliating to force a diplomatic resolution. Iran uses underground facilities and denial and deception extensively to conceal and protect its strategic assets. We do not anticipate changes to this security posture in 2016. Iran will focus on defending allies in Syria, Iraq, and Yemen, with its actions intended to increase regional influence at Western expense.

In January, Iran fulfilled key commitments under the Joint Comprehensive Plan of Action (JCPOA). This extended the timeline for Iran to gather enough fissile material to build a weapon to about a year. In exchange, Iran received sanctions relief under the agreement, but such economic relief is unlikely to have an immediate impact on Iran's military capabilities. Over the long term, however, economic growth could support its conventional military priorities such as ballistic and cruise missiles, naval systems, unmanned aerial vehicles (UAVs), and air and air defense systems.

Iran's ballistic missiles are capable of striking targets throughout the region, ranging as far as southeastern Europe. Iran is likely to continue developing more sophisticated missiles, with improved accuracy, range, and lethality, irrespective of JCPOA implementation. Iran stated publicly it intends to launch the Simorgh Space-Launch Vehicle (SLV), which would be capable of intercontinental ballistic missile (ICBM) ranges if configured as such. This test launch could occur in 2016.

Iran continues to develop additional anti-access/area denial capabilities. The Navy is fielding increasingly lethal weapons, to include more advanced mines, small submarines, armed UAVs, attack craft, and ship and shore based anti-ship capable cruise missiles. Tehran is also prioritizing the improvement of its air and air defense forces. For example, last year Iran signed a contract with Russia to purchase the advanced and highly capable S-300 Surface to Air Missile (SAM) system, putting it one step closer to modernizing its antiquated air defense system.

The survival and stability of its key Iraqi and Syrian allies is an Iranian priority. Islamic Revolutionary Guard Corps-Qods Force and Lebanese Hizballah are important foreign policy instruments, and provide Tehran the ability to project power in Iraq, Syria, Yemen, and beyond. In 2016, we expect Iran and Hizballah to increase the provision of training, materiel, and funding to forces defending the Syrian Regime.

In Iraq, Iran and Hizballah train and advise Iraqi Shia militant groups, and provide training and equipment to Government of Iraq forces. Iranian advisers have planned and led operations against ISIL. Iranian-supported Iraqi Shia groups also warn of their willingness and preparedness to fight U.S. forces in Iraq. Although almost certainly not at the direction of Iran

or group leadership, low-level Shia group members may have conducted attacks against coalition aircraft and personnel.

In late 2015, Iran deployed over 1,000 ground troops to engage in combat operations in Syria. The arrival of Iranian ground forces coincided with the start of Russian airstrikes and increased Russian support to pro-regime operations. Tehran and Moscow have deepened their cooperation and are coordinating operations in Syria to preserve their Syrian ally, while also participating in diplomatic talks aimed at ending the conflict.

RUSSIA

Moscow continues to devote major resources to modernizing its military forces, viewing military power as critical to achieving key strategic objectives: acknowledged great power status, dominating smaller regional states and deterring NATO from military action in Eurasia. Russian leadership considers a capable and survivable nuclear force as the foundation of its strategic deterrent capability, and modernized, agile general purpose forces as vital for Eurasian and limited out-of-area power projection.

Moscow's assertive pursuit of foreign policy and security objectives includes military involvement in Ukraine, operations in Syria and expansion of its military capabilities in the Arctic. Last year, the Russian military continued its robust exercise schedule and its aggressive, and sometimes provocative, out-of-area deployments. We anticipate similar high levels of military activity in 2016, although Moscow's military modernization efforts will be complicated by economic and demographic challenges.

Operations in Syria: Moscow, a long-time ally of Syrian President Bashar al Assad, has supplied the Syrian regime with weapons, supplies, and intelligence throughout the Syrian civil war. Moscow began to deploy military forces to Syria in late August 2015, likely both to shore up the regime and assert Russia's status as a military player and powerbroker in the Middle East. The majority of Russian air strikes, artillery and rocket fires initially supported regime ground offensives and focused on opposition targets. An increasing number of strikes have since targeted Islamic State forces and facilities while sustaining operations against the opposition. Tensions between Russia and Turkey following the November 24, 2015 downing of a Su-24 bomber have not impacted the pace of Russian air operations.

Russia has sought to use the Syrian intervention as a showcase for its military modernization program and advanced conventional weapons systems. Moscow has launched land-attack cruise missiles (LACMs) from Caspian Sea naval units and a Kilo-class submarine in the Mediterranean Sea. They have also demonstrated new capabilities with air-launched cruise missiles (ALCMs) from its Tu-160 Blackjack and Tu-95MS Bear H heavy bombers. These operations are meant to demonstrate strategic capabilities and message the West about the manner in which the Russian military could operate in a major conventional conflict.

Russia will almost certainly be able to logistically support its current level of operations in Syria via a mix of air, naval, and commercial maritime means for the foreseeable future. Moscow may opt to increase its forces in Syria if unable to make progress on securing increased acceptance and support for the Assad Regime, or if support to regime ground offensives are

unsuccessful. The most likely additions would be additional air and artillery assets, and potentially include Russian-led and -enabled proxy forces.

Ukraine Crisis: In September 2015, Moscow began placing more emphasis on diplomacy after a year of often intense fighting along the line of contact. While maintaining the strong separatist military force it trained, equipped, and furnished with leadership, the Kremlin focused on implementing the Minsk II agreement to institutionalize influence with Ukraine without risking more sanctions. Despite deemphasizing a military approach to Ukraine, Moscow retains the ability to rapidly redeploy troops to the border, including prepositioning logistics stockpiles.

Military Doctrine and Strategy: Russia's military doctrine reflects its perception of a heightened threat environment and sense of urgency about its preparedness to address those perceived threats. Moscow has moved to further improve its capabilities to meet what it sees as Western challenges to its internal stability, dominance of neighboring states and status as a great power abroad. In 2016, Russia will attempt to optimize its strategic forces, develop precision strike weapons, create efficiencies in defense industry, and improve professional military training and education. Russia will also seek to prepare its economy and state and local governments to transition from peace to war-time.

The Arctic — and associated international disputes — is a major emphasis for Russian security policy. Moscow has increased the readiness of its Northern Fleet through increased exercise activities and refurbishing airbases and has added air-defense and coastal-defense cruise missiles and ground force assets to the region. The Joint Strategic Command (OSK) "North," established in late 2014 on the basis of the Northern Fleet, will be reinforced by an air force and

air defense (PVO) army. Despite this increased military focus on the Arctic, we believe Russia will likely prefer to use existing multilateral and bilateral mechanisms to address competing claims and other security issues in the region.

Force Modernization: Russia's future force will be smaller, but more capable of handling a range of contingencies on Russia's periphery and expeditionary operations. We expect continued effort to improve joint operations capabilities and rearmament. Russia's ambitious rearmament program will be challenged by corruption and industrial inefficiency, Western sanctions, and the poor state of its economy. Moscow will continue its military modernization efforts despite these difficulties, but many major programs will likely face delays or cuts.

Russia places the highest priority on the maintenance of its robust arsenal of strategic and nonstrategic nuclear weapons. Moscow is making large investments in its nuclear weapon programs. Strategic nuclear forces priorities include force modernization and command and control facilities upgrades. Russia will field more road-mobile SS-27 Mod-2 ICBMs with multiple independently targetable reentry vehicles, deploy more Dolgorukiy class ballistic missile submarines with SS-N-32 Bulava submarine-launched ballistic missiles, and will continue the development of the RS-26 ICBM and next-generation cruise missiles.

Space and Counterspace: Russia is advancing its space-based intelligence, surveillance, and reconnaissance (ISR) capability and has nearly doubled the number of satellites in its ISR constellation since 2014. Moscow views U.S. dependence on space systems as key enablers for military operations as a vulnerability. Russian military doctrine highlights counterspace capability as a force multiplier. Russia has a highly advanced space surveillance network, a

prerequisite for counterspace operations, and is modernizing and expanding these systems. Russia's counterspace capabilities include satellite warning-enabled denial and deception and jamming systems targeting satellite communications. Russian leaders assert that their armed forces have antisatellite weapons and conduct antisatellite research.

CHINA AND NORTH KOREA

Chinese Force Modernization: China is pursuing a long-term, comprehensive military modernization program designed to improve its capability to fight short-duration, high-intensity regional conflicts. While preparing for a Taiwan contingency remains the primary driver of the People's Liberation Army (PLA) modernization, the Chinese military has increased its preparations for other contingencies, including conflicts in the East or South China Seas.

In addition to modernizing equipment and operations, the PLA is undergoing massive structural reform. Changes being implemented include increasing the number of Navy, Air Force and Rocket Force personnel at the expense of ground forces, establishing a theater joint command system and reducing their current seven military regions down to five joint theaters of operation. The emphasis on joint commands reflects China's intention to emulate the style of joint operations pioneered by the U.S.

A key component of PLA strategy in a regional contingency is planning for potential U.S. intervention. China has the world's largest and most comprehensive missile force, and has prioritized the development and deployment of regional ballistic and cruise missiles to expand its conventional strike capabilities against U.S. forces and bases throughout the region. They continue to field an anti-ship ballistic missile, which provides the capability to attack U.S.

aircraft carriers in the western Pacific Ocean. China also displayed a new intermediate-range ballistic missile, capable of striking Guam, during its September 2015 military parade in Beijing.

The PLA is modernizing its nuclear forces by enhancing silo and underground facility-based ICBMs and adding more road-mobile systems. In addition, the PLA Navy deployed the JIN-class nuclear-powered ballistic missile submarine in 2015, which, when armed with the JL-2 SLBM, provides Beijing its first sea-based nuclear deterrent.

South China Sea (SCS): China has long identified the protection of its sovereignty and territorial integrity as a "core interest" and has embarked on a multi-year, whole of government approach to securing Chinese sovereignty over the area within the "nine-dash line" as Chinese territory. In 2015, China shifted from enlarging and building its outposts in the SCS to developing them for civilian — and eventually military — occupation and use. In 2016, China likely will continue to add dual-use capabilities to these man-made features, including harbors, communications and surveillance systems, logistics support facilities, and airfields. The PLA's response to recent U.S. Freedom of Navigation Operations, as well as an Australian ISR flight in December, demonstrate that Beijing recognizes the need to defend these outposts and is prepared to respond to any military operations near them.

Defense Spending: China has the fiscal strength and political will to support robust defense spending growth for the foreseeable future. In 2015, China announced a 9.2 percent inflation-adjusted increase in its annual military budget, to $144 billion, continuing more than two decades of annual defense spending increases. Data analysis since 2006 indicates China's

officially-disclosed military budget grew at an inflation-adjusted average of 9.8 percent per year.

Space and Counterspace: China possesses the world's most rapidly-maturing space program, using on-orbit and ground-based assets to support civil, economic, political, and military objectives. In parallel, China continues to develop counterspace capabilities designed to limit or prevent the use of space-based assets by adversaries in a crisis or conflict.

DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (DPRK): North Korea remains a critical security challenge for the U.S. Despite significant resource shortfalls and aging hardware, the DPRK maintains a large, conventional, forward-deployed military and continues to improve its ability to launch rapid, small-scale attacks against South Korea. North Korea's continuing efforts to construct and use underground facilities to protect and strengthen the defense of key elements of its leadership and military. DPRK leadership's willingness to ignore the plight of their people yet undertake provocative actions against Seoul — demonstrated during its August 2015 ambush of South Korean soldiers — poses a serious threat to the U.S. and its regional allies. We also remain concerned about North Korea's proliferation activities in contravention of the United Nations (UN) Security Council.

Pyongyang's nuclear weapons program and evolving ballistic missile programs underscore the growing threat. The DPRK's display of a new or modified road mobile ICBM during a recent parade and its 2015 test of a new submarine-launched ballistic missile capability highlight its commitment to diversifying its missile forces and nuclear delivery options, while strengthening missile force survivability. North Korea also continues efforts to expand its stockpile of

weapons grade fissile material. In early January, North Korea issued a statement claiming it had successfully carried out a nuclear test, and on 7 February, Pyongyang launched a SLV from a west coast testing facility. The technology involved in a satellite launch would be applicable to North Korea's other long-range missile programs.

SOUTH ASIA

AFGHANISTAN: In 2015, the Afghan National Defense and Security Forces (ANDSF) took primary responsibility for security in Afghanistan for the first full year. The Afghan National Army conducted several independent multi-corps operations against the insurgency in diverse regions of the country. Security forces also successfully secured almost all provincial capitals and national lines of communication, to include major highways. A positive development in the evolution of the ANDSF is the use of special operations forces to effectively respond to terrorist threats and to deny safe haven to networks across the country, albeit with coalition support.

Despite these increased capabilities, the ANDSF is still facing significant challenges in leadership, combat enablers, logistics and sustainment, and ministerial capacity. The ANDSF cannot manage the insurgency and ensure security across Afghanistan without further improvement in these key areas and the development of human capital. The 2015 fighting season highlighted these shortfalls and a security posture which is overstretched and ineffectively utilized. The temporary fall of Kunduz City in September 2015, the result of Taliban efforts to expand operations in northern Afghanistan and exploit ANDSF capability gaps, illustrated these deficiencies. Despite the Afghan Army's ability to mount effective

counterattacks to regain lost terrain — as in Kunduz —the force is challenged to effectively employ organic aerial and ground fire enablers in support of reactive operations.

The late July announcement of former leader Mullah Omar's death, and the contentious accession of new leader Mullah Mansour, led to the emergence of a Taliban opposition faction in late 2015. Infighting between Mansour's supporters and the opposition has occurred, and the Taliban have faced competition from the ISIL's emergent regional affiliate. The Taliban and the ISIL are focused on countering the international presence and expanding territorial footholds in Afghanistan. In the 2016 fighting season, we expect the Taliban-led insurgency will try to build on its temporary victory in Kunduz by attempting to surround and pressure population centers. They will also seek to make incremental gains in rural areas and conduct high-profile attacks against government and civilian targets in key cities, particularly Kabul.

PAKISTAN: In 2016, Islamabad will face internal security threats from militant, sectarian, and separatist groups. ISIL in Khorasan and al-Qaida in the Indian Subcontinent also will remain significant security concerns for Islamabad. Counterinsurgency operations along Pakistan's Western border and paramilitary operations in Karachi have had some success in reducing violence and are likely to continue.

Pakistan's nuclear stockpile continues to grow. We are concerned that this growth, as well as the evolving doctrine associated with tactical nuclear weapons, increases the risk of an incident or accident. Islamabad continues to take steps to improve its nuclear security, and is aware of the threat presented by extremists to its program.

INDIA and PAKISTAN: Tensions between India and Pakistan subsided in late 2015 following high-level diplomatic engagement and an agreement to continue talks next year. However, there remains a significant risk that tensions could once again escalate with little warning, particularly if there is a large-scale terrorist attack in India.

AFRICA

Africa's security environment is volatile due to dysfunctional political systems, conflict, and permissive environments for transnational terrorist and criminal groups. The region remains vulnerable to terrorist attacks, civil conflict, outbreaks of mass violence, trafficking networks, and humanitarian emergencies. Additionally, depressed global commodity prices and internal economic mismanagement and corruption are negatively impacting Africa's economic growth prospects and limiting government resources, weakening state capacity to respond to security threats. African and UN forces are responding to most security challenges, but most of the region's militaries continue to require sustained international assistance to address the continent's security environment.

In North Africa, years of civil conflict over political control of Libya and an expanding extremist presence in the country are the most pressing security concerns. UN sponsored negotiations to end the political impasse in Libya are slowly progressing, though obstacles to establishing a unified and functioning government will persist. ISIL has taken advantage of this permissive environment to establish a stronghold in the coastal Libyan city of Surt. Libya's instability has enabled the flow of illicit activity across the country's porous borders and increased concerns over a heightened terrorist threat across North Africa and the Sahel region. The Libyan conflict

and terrorist safe haven will persist until an inclusive unity government is established and secured by a loyal and capable military, which is unlikely in the foreseeable future.

West Africa's Sahel and Lake Chad regions are also contending with a number of violent extremist groups. The military forces within this region are stretched to defend against entrenched extremist groups or to confront cross-border extremist attacks. Given the enduring presence of terror groups in northern Mali, partner nations are working with Bamako to help reform and improve its military, and UN forces are securing major towns in the country's northern region. However, much work remains to be done to contain extremist threats in Mali and across the Sahel region. In northeastern Nigeria and the Lake Chad region, terror attacks by the Islamic State (IS)-West Africa, also known as Boko Haram, persist and are likely to continue despite the combined military efforts of Nigeria, Niger, Cameroon, and Chad. The four states are working to operationalize the Multi National Joint Task Force to better combat IS–West Africa, but the results have been limited and efforts to address the socio-political drivers of IS–West Africa's success have lagged.

Parts of central and eastern Africa are at risk of instability over the next year, necessitating the continuing presence of peacekeepers. In Somalia, al-Shabaab attacks and control of some rural areas will persist as African Union troops, supported by the nascent Somali National Army, attempt to sustain control of southern region population centers. The January 15 al-Shabaab attack on a Kenyan military camp in southern Somalia highlighted the fragility of the country's security environment.

The risk of episodic violence in the Central African Republic, Democratic Republic of Congo, South Sudan, and Sudan will also continue despite peace and stability efforts. In Burundi, opposition to President Nkurunziza's third term has increased the risk of ethnic violence with potentially destabilizing regional implications. Ongoing efforts to extend presidential terms in Rwanda, Democratic Republic of Congo, and Republic of Congo could spark new episodes of unrest. Additionally, the potential death or incapacitation of several heads of state throughout the region, especially in Zimbabwe, would contribute to a heightened risk of regional instability.

LATIN AMERICA

Latin American nations continue to confront transnational threats challenging regional stability and prosperity, and the region remains vulnerable to transit by bad actors. At the same time, nations outside the hemisphere are seeking greater regional influence.

Mexico remains the primary transit country for U.S.-bound cocaine, and a major supplier of methamphetamine, heroin, and marijuana. El Salvador, Guatemala, and Honduras face some of the highest levels of violence in the world, exacerbated by drug trafficking and gang activities. Colombian cocaine production significantly increased in 2014, the majority of which is destined for the U.S. The Revolutionary Armed Forces of Colombia (FARC) insurgent group is in peace talks with the government and has 5,000-7,000 members capable of surging short-duration offensives against government outposts and critical infrastructure. The FARC, the National Liberation Army, and criminal bands continue to profit from the drug trade.

Russia continues to engage with Cuba, Nicaragua, and Venezuela and probably wants access for Russian military forces to ports and airfields in those countries.

GLOBAL THREATS

CYBER

DIA remains concerned about the growing capabilities of advanced state actors – such as Russia and China – as they seek to gain advantage through knowledge and understanding of Department of Defense (DoD) personnel, systems, and networks. Advanced state actor aggregation of bulk data obtained from compromises could be used to conduct pattern analysis possibly exposing sensitive operations or relationships and their demonstrated access to networks could threaten data integrity within Defense databases. Iran and North Korea also remain a significant threat to conduct disruptive cyber-attacks as an asymmetric response, raising the possibility of unintended escalatory consequences. Each of these state actors continue to employ a combination of government personnel, contractors, and loosely affiliated or ideologically aligned hackers, augmenting their capabilities and challenging our ability to attribute malicious cyber activity.

International progress toward agreement on accepted and enforceable norms of behavior in cyberspace may provide an opportunity to limit the scope and scale of nation-state cyber activities and establish parameters for deterrence of malicious cyber operations. However, non-state actors' use of cyberspace to recruit, propagandize, and conduct open source research will endure as an enabler to their global decentralized operations, and the potential exists for a "lone wolf" cyber-attack.

TRANSNATIONAL TERRORISM

As the Paris attacks demonstrated, ISIL has now become the most significant terrorist threat to the U.S. and our allies. In 2015, the group remained entrenched in Iraq and Syria and expanded globally, establishing official branches in Libya, Sinai, Afghanistan, Nigeria, Algeria, Saudi Arabia, Yemen, and the Caucuses. Branches in Libya and Sinai posed the greatest threat in 2015, but we assess that other branches will likely grow increasingly dangerous as we move into 2016. Emerging branches include those in Mali, Bangladesh, Indonesia, Tunisia, Somalia, and possibly other countries. Spectacular external attacks demonstrate ISIL's relevance and reach and is a key part of their narrative.

ISIL will likely increase the pace and lethality of its transnational attacks as infrastructure and capabilities mature. It will purposefully attempt to stoke sectarian conflict between Shia and Sunni, and between the West and Islam, to create the chaotic environment in which it thrives. ISIL will probably conduct additional attacks in Europe and attempt to direct attacks on the U.S. Homeland in 2016. We expect that ISIL leaders in Syria will be increasingly involved in directing attacks rather than just encouraging lone attackers. ISIL's foreign fighter cadre is core to its external attack capability, and the large number of western jihadists in Iraq and Syria will pose a challenge for western security services.

We also assess that Homegrown Violent Extremists (HVE) will continue to pose a threat to DoD interests. Although HVEs are likely less able to conduct complex or spectacular attacks, difficulty in detecting preoperational planning makes them more likely to succeed. Lone actors

continue to find inspiration from ISIL propaganda. Since 2004, more than half of HVE plots in the U.S. either targeted or considered targeting DoD facilities or personnel.

Al-Qa'ida also remains a serious threat to U.S interests worldwide. It retains affiliates in Yemen, Somalia, North Africa, Syria, and South Asia. International focus on ISIL may allow al-Qa'ida to recover from its degraded state. We are concerned al-Qa'ida could reestablish a significant presence in Afghanistan and Pakistan, if regional counterterrorism pressure decreases.

FOREIGN INTELLIGENCE THREAT

Foreign intelligence threats continue to expand and pose grave persistent threats to the DoD, its personnel, and capabilities. Our adversaries collect intelligence to enable their planning and operations and to counter our strategic and operational activities. Their collection against the Defense Industrial Base erodes U.S. military and technological advantages. Insiders also continue to constitute a major threat. Insiders who disclose sensitive U.S. government information without authorization will remain a significant threat in 2016. The sophistication and availability of information technology that can be used for nefarious purposes exacerbate this threat both in terms of speed and scope of impact.

Russia, China, and Iran are the most persistent and enduring foreign intelligence challenges for DoD. Cuba also remains a critical counterintelligence threat. Russia has the most sophisticated intelligence services; China's are the most prolific, using a variety of techniques and resources to collect vast amounts of valuable sensitive and classified DoD information; and Iran's services

remain an aggressive foreign intelligence challenge. In addition, a number of other foreign intelligence entities, including non-state groups, also continue to develop their capabilities.

These hostile foreign intelligence entities focus not only on targeting our armed forces and warfighting capabilities, but also increasingly pose threats to our supply chain, technologies, research and development, defense intelligence capabilities, and critical infrastructure. Acquisition of commercially available technology makes it easier for less sophisticated foreign intelligence entities to acquire technical equipment and use it to target the U.S. Some of these foreign intelligence entities also seek to influence our national policy and decision-making processes.

Chairman MCCAIN. Thank you very much, General.

Director Clapper, in all these many decades you have served this country, have you ever seen more diverse or serious challenges to this country's security?

Mr. CLAPPER. No, sir, I have not. I have said that—something like that virtually every year I've been up here. This is my fifth or sixth time. I decided to leave it out this year because it's kind of a cliche, but it's actually true that, in my 50-plus years in the intelligence business, I don't—I cannot recall a more diverse array of challenges and crises that we confront as we do today.

Chairman MCCAIN. Your job has been made considerably more difficult because of sequestration.

Mr. CLAPPER. Yes, sir, it has. I think the biggest problem with it, frankly, over time, is the uncertainty that it injects in a context of planning, and particularly—and it plays havoc with systems acquisition. So, it's—the uncertainty factor that we now have is—that has also become a normal fact of planning and programming.

Chairman MCCAIN. Thank you.

Just in the last few days, the issue of torture has arisen again. General David Petraeus made a statement that I'd like to quote to you. He says, "Our Nation has paid a high price in recent decades for the information gained by the use of techniques beyond those in the Field Manual. In my view, that price far outweighed the value of the information gained through the use of techniques"—i.e., waterboarding—"beyond those in the manual." The manual obviously prohibits waterboarding and other forms of torture. Do you agree with General Petraeus's assessment?

Mr. CLAPPER. I do. I believe the—the Army Field Manual is the standard, and that is what we should abide by. It serves the purposes of both providing a framework for the elicitation of valuable intelligence information, and it comports with American values.

Chairman MCCAIN. That's the point, I think. Isn't it the fact that this is—American values are the—are such that just—no matter what the enemy does, that we maintain a higher standard of behavior, and, when we violate that, as we did with Abu Ghraib, that the consequences are severe?

Mr. CLAPPER. Yes, sir.

Chairman MCCAIN. An erosion of our moral authority.

Mr. CLAPPER. I would agree with that.

Chairman MCCAIN. Isn't it already proven that Mr. Baghdadi is sending people with this flow of refugees that are terrorists, that—in order to inflict further attacks on Europe and the United States?

Mr. CLAPPER. That's correct. That's—one technique they've used is taking advantage of the torrent of migrants to insert operatives into that flow. As well, they also have available to them, and are pretty skilled at, phony passports so they can travel ostensibly as legitimate travelers, as well.

Chairman MCCAIN. They're pretty good at establishing secure sites for them to continue to communicate.

Mr. CLAPPER. That's true. That—I alluded to that in my opening statement, about the impacts of encryption and the growth of encrypted applications, which has—having a negative impact on intelligence-gathering. I recently traveled to Texas, and this is affecting not only us in the national security realm, but State and local officials, as well.

Chairman MCCAIN. As you know, in addition to the Atlas rocket, which uses the Russian RD–180 rocket engine, the United Launch Alliance also maintains an American rocket with an American engine. As we continue to have this important debate about how to break our Nation's dependency on Russia for national security space launch, do you believe we need to look seriously at that American rocket, the Delta, as an alternative way to get off the RD–180 and encourage competition from other organizations capable of providing us with this ability?

Mr. CLAPPER. I'm a customer, Chairman McCain, of the launch industry in the United States. My interest is in seeing to it that our overhead reconnaissance constellation is replenished, and replenished on time. There is a capability with the Delta that—as you allude—which is, we think, from our standpoint, since we pay the freight when we use these systems—which is both effective and cost-efficient. I certainly do agree on—you know, a fundamental American tenet of the competition. That's why I'm quite encouraged by the aggressive approach that SpaceX has taken. Our plan is to certify SpaceX for carrying national security payloads into space.

Chairman MCCAIN. It's not in our interest in any way to continue our dependency on Russian rocket engines.

Mr. CLAPPER. Well, I—from—just speaking as a citizen, I'd rather we didn't—we're more dependent on the RD–180s. We have been, and they've worked for us. Again, my interest, though, is getting those payloads up on time.

Chairman MCCAIN. Thank you very much.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

General Clapper, to date what's your assessment of the compliance by the Iranians with the JCPOA, your—the community?

Mr. CLAPPER. Right now—and I think the key milestone here was implementation day on the 16th of January. The Iranians did comply with the requirements that were—that they were required to live up to. I think we, in the intelligence community, are very much in the distrust-and-verify mode. There are a half a dozen or so ambiguities—maybe others, but certainly a half a dozen or so ambiguities in the agreement that we have identified, and we're going to be very vigilant about Iranian compliance.

Senator REED. Well, that's exactly what you should be doing. I commend you for that.

Just going forward, are you confident that you could detect a serious deviation from the agreements in sufficient time to give the executive options?

Mr. CLAPPER. Yes, sir, I am confident. I will—my fingerprints are on the infamous Weapons of Mass Destruction National Intelligence Estimate of October 2002. I was serving in another capacity then. So, I think we approached this with confidence, but also with institutional humility.

Senator REED. Thank you, sir.

There are many challenges that are being posed by the Russians, but the Russians are facing a challenge of unexpectedly low oil prices that seem to be continuing. Has the intelligence community made an assessment of the impact, medium to long term on this, on the ability of the Russians to maintain their military posture and their provocative actions?

Mr. CLAPPER. Well, the price of oil has had—the falling price of oil has had huge impacts on the Russian economy. It's—the price of Ural crude is running around $28 a barrel. The Russians' planning factor for their—planning and programming for their budget is around $50 a barrel. So, this is causing all kinds of strain, if you look at all the classical measurements—economic measures—infla-

tion, the value of the ruble, which has sunk to an alltime low, unemployment, stresses on their welfare system, et cetera, et cetera.

That said, the Russians appear to be sustaining their commitment to their aggressive modernization program, particularly in the—with their strategic missiles.

Senator REED. Looking ahead, though, is there any indication or—this is an area that you're picking up information through many sources that are reflecting great concern by the Russians on their ability to keep this up, or looking at——

Mr. CLAPPER. Well, that determination will be made by one man. I think, for lots of reasons, he will sustain the expeditionary activity in Syria, although I think perhaps even the Russians are seeing that this is headed for stalemate, in the absence of a substantial ground-force insertion, which I don't believe the Russians are disposed to do.

Senator REED. Thank you.

Quickly changing topics in the remaining minute and a half. In Afghanistan, multiple challenges. President Ghani is trying to pursue a reconciliation with the Taliban. In that regard, there is at least a four-nation process: China, Pakistan, the United States, and Afghanistan. Any insights about the possibility of reconciliation or the motivation of any of the parties to the—to this action?

Mr. CLAPPER. Well, I think that—you know, the Taliban position has consistently been not to do that, not to negotiate. They're the first—the precondition they always ascribe is the removal of foreign forces. I don't see them changing that position.

Senator REED. Thank you very much.

General Stewart, thank you for your distinguished service.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

This is a very accurate litany of doom. You covered a lot of stuff in a short period of time. We'll have to go back and reread that.

When you look at what—right now, we're kind of in a situation where, "Russia is pursuing new concepts and capabilities and expanding the role of nuclear weapons, that security strategy." That's a quote out of the U.S. National Intelligence—so, you covered that also in your—briefly in your opening remarks.

When we talk to people on the outside and they say, you know, "You have Russia saying—stating they're going to make these advances, they're going to modernize, and yet we have a policy where we're not doing it." What's a justification? What kind of answer can we give people who ask that question, including me?

Mr. CLAPPER. Well, sir, that's a policy issue. I worry about the adversaries. I've used this metaphor before this committee. General Stewart and I and the rest of the intelligence community are just down in the engine room shoveling intelligence coal——

Senator INHOFE. Yeah.

Mr. CLAPPER.—and people on the bridge get to decide where the ship goes, and how fast, and arrange the furniture on the deck. So, I—that's a policy issue that others decide.

Senator INHOFE. Well, I personally don't think it's a good policy, but we all have opinions on that.

I was fortunate enough to be over in the Ukraine, back when Poroshenko and Yatsenyuk were successful in their parliamentary elections, and the first time in 96 years there's not one Communist in the Parliament. That's really kind of exciting, although I was upset with our lack of—when Putin came in and started killing people—with our lack of support, at that time, as a policy for Ukraine. As we're looking at it now, and in—there's been statements made from Russia saying that, "As the NATO becomes more aggressive and we become more aggressive, they're going to become more aggressive"—does it look to you like it's—that's going on right now? What's—what'll be the end game of that?

Mr. CLAPPER. I think—answer your last question on what the end game is, I don't know, but I will say that the Russians—I might ask General Stewart to comment on this—but, I think the Russians fundamentally are paranoid about NATO. They're greatly concerned about being contained and, of course, very concerned about missile defense, which would serve to neuter what is their—the essence of their claim to great-power status, which is their nuclear arsenal.

So, a lot of these aggressive things that the Russians are doing, for a number of reasons—great-power status to create the image of being coequal with the United States, et cetera—I think could probably—could possibly go on, and we could be into another Cold War-like spiral, here.

Senator INHOFE. Well, that—the Cold War, that—I was thinking of that at the time. Isn't that what we went through for such a long period of time, where you had Russia—or USSR—making the statements and preparing themselves and wanting to outdo us—I mean, just for the image? I see this as something kind of similar to that.

Director Clapper, in your prepared statement, you said the—and this is a quote—"United States air campaigns have made significant gains in ISIL." Then we have reports that the United States fights against ISIL is actually benefiting al-Qaeda. Is there a relationship—or, what is that relationship between al-Qaeda and ISIL?

Mr. CLAPPER. Well, I've seen that. I don't know that I could say that the airstrikes against ISIL are somehow benefiting al-Qaeda, because we're still keeping the pressure on——

Senator INHOFE. Yeah.

Mr. CLAPPER.—al-Qaeda.

Senator INHOFE. You're familiar with those reports, though.

Mr. CLAPPER. I've read them.

Senator INHOFE. Yeah.

Mr. CLAPPER. I'm not sure I would subscribe to them. There have been—you know, I think we have—there has been progress made against ISIL in its Iraq-Syria incarnation, because that assumes some of the accouterments or characteristics of a nation-state, and that, in turn, presents vulnerabilities that we can exploit. I think the important thing is to keep the pressure on, on multiple fronts, and keep attacking those things which are near and dear to ISIL, which is the oil infrastructure that it owns——

Senator INHOFE. Yeah.

Mr. CLAPPER.—and its access to money.

Senator INHOFE. Yeah.

One last question. My time's expired. The RD–180 issue, it's one we're looking at. I think there is a recognition that we need to keep using for a period of time as we make any transition that might be in the future. Now, we have—in the defense authorization bill of 2016, I guess it was, we talked about nine additional ones. I think the Air Force has requested, at one point, in some form, 18 additional ones. What is your thinking about that?

Mr. CLAPPER. Well——

Senator INHOFE. The transition.

Mr. CLAPPER. I'll tell you, Senator. I—my position here is, I'm a user or a customer. I have to have certain payloads delivered on time to sustain the health and viability of our overhead reconnaissance system, which is extremely important to the Nation's security. I don't get into too much, other than I have to pay the bills, because I pay the Air Force whenever we avail ourselves of their launch services.

How they design their systems, that's kind of up to them. I'm interested in delivery. The Delta is—worked great for us. It's—appears to me to be cost-efficient, and it is effective, in terms of—when we've used it, it delivers.

Chairman MCCAIN. Senator Blumenthal.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

I want to join my colleagues in thanking both of you for your extraordinary service to our Nation.

Director Clapper, you made the point, in response to Senator Reed and also in your testimony, that the international community is, in your words, "well postured" to detect any violation by Iran of the nuclear agreement. Has there been any indication so far that it is moving toward a violation?

Mr. CLAPPER. No, not yet. The—no, we have no evidence, thus far, that they have—they're in a—moving towards violation.

Senator BLUMENTHAL. I'm sure you would agree that this Nation and the international community need to be vigilant and vigorous in enforcing this agreement.

Mr. CLAPPER. Absolutely, sir. As I said earlier, I think we, in the U.S. intelligence community, are in the distrust-and-verify mode.

Senator BLUMENTHAL. The distrust-and-verify mode includes not only the IAEA, but also other investigative tools that you have at your disposal.

Mr. CLAPPER. Absolutely.

Senator BLUMENTHAL. Going to the ballistic missile issue, which I believe is profoundly important—and General Stewart makes this point in his testimony, as well—I urged the President to impose sanctions and enforce them as a result of Iran's continued development of ballistic missiles, which are a threat, not only to the region, but also to our allies in Europe. Fortunately, he has heeded those calls from myself and letters that were joined by my colleagues.

How important do you think it is that we continue to enforce sanctions in response to Iran's development of ballistic missiles?

Mr. CLAPPER. Well, I think it's quite important that sanctions be enforced, not only for missiles, but for terrorism or any other things that are covered under the sanctions. The Iranians have a very formidable missile capability, which they continue to work on. They've

fired some 140-or-so missiles since the original UNSCR [United Nations Security Council Resolution] 1929 of 2010. About half of those firings were going on during the negotiations, which were—of course, were—as you know, were separate from the actual negotiations.

So, for our part, this is a challenge that we must attend to by being as vigilant as possible on gleaning intelligence about these capabilities and reporting that to our policymakers.

Senator BLUMENTHAL. Speaking for myself—and I believe my view is joined by other colleagues—I will continue to insist on vigorous enforcement of those sanctions because of the threat that you have very powerfully outlined.

General Stewart, in your testimony, you make the point that the economic relief that Iran will see as a result of the JCPOA is unlikely, in the short term, to increase its military capability. Is that correct?

General STEWART. I think it is—it is unlikely immediately, because I believe that the focus will be on internal economic gains. However, after 35 years of sanction, Iran has developed, as we've just discussed, the most capable missile force in the region. It's extended its lethality, its accuracy. It's got all the ranges covered. It can reach all of its regional targets. In the long term, I fully expect that they'll invest some of the money into improving the rest of their military capabilities.

Senator BLUMENTHAL. What is the "long term"? In other words, how many years is "long term"?

General STEWART. Yeah.

Senator BLUMENTHAL. Are we talking 5 years, 10 years? Secondly, what should be our response—and I believe it has to be a robust and strong response—to that increase in longer-term military capabilities that threatens our allies and friends in the region, most particularly Israel, with terrorism and other conventional military capabilities, as well as the kinds of counterincentives we can provide?

General STEWART. So, the long term might not be as far as 5 years. We've already seen an agreement between Iran and the Russians for the S–300 Air Defense System. We're seeing Russia demonstrate tremendous capabilities as they've done their out-of-area deployment into Syria. So, there's lots of weapons technology being displayed. I suspect, within the next 2 to 5 years, we can expect Iran to invest in some of those weapons technology that's being displayed in the Syrian battlefield by the Russians today.

Senator BLUMENTHAL. What should be our response?

General STEWART. I think I'm going to punt that to the policymakers on the response to how Iran arms and how they might use this weapons capability.

Senator BLUMENTHAL. You would agree that we should respond robustly and strongly.

General STEWART. I would agree that we should have a policy to be prepared to respond——

Senator BLUMENTHAL. Thank you.

General STEWART.—appropriately.

Senator BLUMENTHAL. Thank you, General.

Thank you, Director Clapper.

Senator REED [presiding]. On behalf of the Chairman, Senator Sessions.

Senator SESSIONS. Thank you, Senator Reed.

Well, we thank both of you for your service.

Director Clapper, thank you for your decades of service to the country. That's something we all respect and value.

General Stewart, I appreciate seeing you again. You've been in the battlefield, and you've seen it from both sides and know the importance of intelligence.

Director Clapper, it seems to me that we are about to see a tremendous expansion of proliferation in the numbers actually of weapons and the countries that possess nuclear weapons on something that the world is united behind, trying to stop—the U.N. and the whole world. NATO has fought to maintain a limited number of nations with nuclear weapons, and we've been particularly concerned about nuclear weapons in the Middle East. Where do we stand on that from a strategic position? Your best judgment of the risk we're now facing.

Mr. CLAPPER. Well, the—of course, we worry about North Korea in this respect. I think—in the Mideast, I think the agreement, the JCPOA, which does prevent, if it's complied with, a nuclear capability in Iran, at least in the foreseeable future, that should serve as a tempering factor for the likes of—for other countries that may feel threatened if, in fact, Iran proceeded on with its nuclear weapons program.

Senator SESSIONS. Well, we've got India and Pakistan. Secretary Kissinger testified here a year ago, I suppose, in which he said that we could see multiple nations in the Middle East move toward nuclear weapons. We do know that North Korea will sell weapon technology, do we not? Have done so in the past?

Mr. CLAPPER. That's true, that particularly North Korea is a proliferator. That's one of the principal ways they attempt to generate revenue, is through proliferation. I worry, frankly, about more mundane things, like MANPADs, which the North Koreans produce and proliferate throughout the world, which poses a great threat to aviation.

So, I think our role in the intelligence community is to be as vigilant as we can about this, and report when proliferants spread. That—it is a great concern, and certainly—particularly in the Mideast.

Senator SESSIONS. Thank you. That is a serious subject.

General Stewart, tell us where we stand in Iraq. You served there, and you were involved with the Sunnis in al-Anbar Province. You saw them flip and become turned against al-Qaeda. Can we replicate that now? What are the prospects for the Sunnis once again turning against the terrorists?

General STEWART. I think if the Sunnis believe that they have a real prospect, either for an involvement with the Iraqi government or some other confederation construct where their views and interests are represented—I think they will likely turn against ISIL. I don't think that that message is—been effectively communicated yet. I think Abadi would like a more inclusive government, but I'm not sure that he has all of the members of his ruling body behind such inclusivity. Until that occurs, then the Sunni tribes

are very likely to remain either on the fence or choose the least worst option, which is to not antagonize, and maybe even support, ISIL in the western part of Iraq.

Senator SESSIONS. That would be the decisive action that needs to occur, that, once again, the decisive action would be if the Sunnis would turn against ISIL as they turned against al-Qaeda.

General STEWART. I think that would absolutely be decisive, but I think they'll be very cautious to ensure that we will not leave them hanging out there after they've turned against ISIL. This is pure pragmatism. If they're not—if we're not successful, we're not supportive of the Sunni tribes, they will die. Al-Qaeda—or ISIL will be brutal, they'll be ruthless. If we're going to support them, we're going to try to convince them to turn and fight against ISIL, then we have to have the true commitment of the Government of Iraq and all of the parties to encourage them to fight against ISIL, because this is purely about survival for those tribes.

Senator SESSIONS. Our effort to push back against ISIL would be a extremely important action—development.

General STEWART. Yes, sir, I believe it would be.

Senator SESSIONS. What about Mosul, city of a million, that would not have the heritage of ISIL and that kind of extremism? What are the prospects for turning the situation around in Mosul and freeing Mosul from ISIL's——

General STEWART. I'm less optimistic in the near term about Mosul. I think there's lots of work to be done yet out in the western part. I don't believe that Ramadi is completely secure, so they have to secure Ramadi, they have to secure the Hit-Haditha Corridor in order to have some opportunity to fully encircle and bring all the forces against Mosul. Mosul will be complex operations. I'm not as optimistic—as you say, it's a large city. I'm not as optimistic that we'll be able to turn that, in the near term; in my view, certainly not this year. We may be able to begin the campaign, do some isolation operations around Mosul, but securing or taking Mosul is an extensive operation, and not something I see in the next year or so.

Senator SESSIONS. Thank you very much, General Stewart.

Chairman MCCAIN [presiding]. Senator Heinrich.

Senator HEINRICH. Thank you, Mr. Chair.

Welcome back, Director Clapper, General Stewart. Thank you for that predictably cheery briefing.

Director Clapper, I've always believed that the ground war against ISIS [the Islamic State of Iraq and Syria] must be won by our Arab partners rather than by American ground forces. It was, therefore, pretty encouraging to finally hear Saudi Arabia and the UAE [United Arab Emirates], over the weekend, voice some openness to putting ground forces in Syria. What's the intelligence community's assessment of the capability of Saudi and, UAE ground forces? How realistic do you think this proposal is? In other words, do you assess that they actually have the political will to potentially do that?

Mr. CLAPPER. Well, let me start with UAE, which is a very, very capable military, although small. Their—the performance of their counterterrorist forces in Yemen have been quite impressive.

I think—certainly appreciate and value the Saudi willingness to engage on the ground. I think that will be a challenge—would be a challenge for them if they were to try to take that on.

General STEWART. If I could add——

Senator HEINRICH. General, absolutely.

General STEWART. I fully concur with the UAE forces. Whether they have the capacity to do both Yemen and something in Iraq-Syria is questionable for me.

Senator HEINRICH. Yeah.

General STEWART. I think they're having a tough—they're doing extremely well in Yemen, but the capacity to do more is pretty limited.

Senator HEINRICH. Thank you both.

Director Clapper, one of the things we've been struggling with, obviously, is trying to crack down on ISIS's financing. They have multiple sources of revenue that include illicit oil sales, taxation, extortion of the local population, looting of banks, personal property, smuggling of antiquities, and, to a lesser extent, even kidnapping for ransom, and foreign donations. I'm certainly pleased to see some progress has been made, where the U.S.-coalition forces have escalated tactics by targeting wellheads, targeting road tankers, even cash storage sites. These efforts have certainly helped force ISIS to cut its fighters' pay; in some reports, by up to 50 percent. What, additionally, do you believe that we can be doing to further restrict their financial resources?

Mr. CLAPPER. I think the main—sir, you've outlined pretty much the sources of revenue for ISIS. They have a very elaborate bureaucracy for managing their money. I think the important thing is to sustain that pressure on multiple dimensions, to include going after the oil infrastructure. I know they—ISIL has displayed great ingenuity by setting up thousands of these mom-and-pop refineries.

Senator HEINRICH. Yeah.

Mr. CLAPPER. We just have to stay at it. I—and, as well, the recent bombing of the financial institution in Mosul had big impact on them. I think we're starting to see some success with the Iraqi government in reducing payments to Iraqi citizens who were—live in ISIL-controlled areas. There's a downside to that. When they do that, that alienates—potentially alienates them further about the central government in Baghdad.

To me, the important aspect, here, and the important theme would to sustain the pressure.

Senator HEINRICH. You know, one of the sources that has been, I guess, surprisingly consequential is black-market antiquity sales from the looting that's occurred. One of—it's my understanding that the United States has sanctions that it can impose on anyone who imports antiquities stolen by ISIS, but it doesn't have separate abilities to sanction individuals who actually purchase looted Syrian antiquities. Would it be helpful to authorize sanctions that are not just against the buyer or the seller of those, but against other middlemen who are involved?

Mr. CLAPPER. I would want to take that under advisement and consult with my colleagues in the Department of Treasury. I will tell you that, in the relative scheme of things, the sale of antiquities is not a big revenue-generator, and it's really kind of tapered

off some. I'd be for exploring whatever—whatever ways we can pressure the—ISIL financially, we should.

Senator HEINRICH. Great. Thank you both.

Chairman MCCAIN. Senator Ayotte.

Senator AYOTTE. I want to thank you both for your service.

I want to thank you, Director Clapper, for your many decades of service to our country. We appreciate it.

I wanted to follow up on a—your written statement, where—in it—and I think you reiterated it today—that Iran probably views the JCPOA as a means to remove sanctions while preserving some of its nuclear capabilities. In a second part, you said, "as well as the option to eventually expand its nuclear infrastructure." Can you expound on that?

Mr. CLAPPER. As the period of the agreement plays out, I think it's—we should expect that the Iraqis will want to push the margins on R&D [research and development] to—they've already done work on—on research and development on centrifuge design. Now, they've sustained the position they've taken, and the—you know, there's one man that makes the decision, here, as the Supreme Leader, that they're not going to pursue nuclear weapons. There are many other things they could do, in a nuclear context, that serves to enhance their technology and their expertise.

Senator AYOTTE. Let me ask you. We saw Iran actually have ballistic missile tests on October 10th and November 21st, post-JCPOA, and even pre-receiving the sanctions cash relief, that they recently received, of billions of dollars. We also know that, recently, North Korea had a space launch developing—continuing to develop their ICBM [intercontinental ballistic missile] program. I wanted to ask you, first of all, do you—we know that, in your statement, you've mentioned, and historically, that there has been cooperation between North Korea and Iran on their ballistic missile program. Can you tell us what that cooperation has been? Can we expect that North Korea will sell or share technology with Tehran that could expedite Iran's development of ICBM missiles?

Mr. CLAPPER. Of late—I have to be mindful of the setting here—there has not been a great deal of interchange between Iraq and Iran—or between North Korea and Iran on the subject of nuclear or missile capabilities, but there's been—there has been in the past. We have been reasonably successful in detecting this. So, hopefully we'll—with appropriate——

Senator AYOTTE. Let me ask——

Mr. CLAPPER.—vigilance, we'll be able to sustain that. The North——

Senator AYOTTE. Let me ask you—sorry.

Mr. CLAPPER.—Koreans, though, will—they're interested in cash. This is one of their——

Senator AYOTTE. We now know Iran has more cash, correct?

Mr. CLAPPER. Well, they do now. As General Stewart indicated, a lot of the cash, at least in the initial tranche, is encumbered. The Iranians have a lot of obligations to fulfill, economically with——

Senator AYOTTE. Let me follow up on——

Mr. CLAPPER. It's a debtor nation.

Senator AYOTTE.—on the two. What do you—when you—what do you make of other fact that the Iranians did, in fact, post-JCPOA,

in violation of existing U.N. resolutions, make two launches of ballistic missiles? I think you were asked about the sanctions that were put in place. Let's just be clear; those sanctions weren't very tough. Do you think that those are going to deter Iran from continuing to develop its ICBM program?

Mr. CLAPPER. Well, the Iranians have conducted some 140 launches since the original U.N. Security Council Resolution 1929 that was imposed in 2010. Seventy of those, about half of them, were done during the negotiations, given the fact that missiles weren't a part of the negotiation. So, as far as these two launches are concerned, I think this was a deliberate message of defiance, and that the Iranians are going to continue with an aggressive program to develop their missile force.

Senator AYOTTE. As you and I have talked about in the past, just to be clear, we judge that Tehran would choose ballistic missiles as its preferred method of delivering nuclear weapons, if it builds them. That's—that is obviously why you would build a ballistic missile, if you choose to build a nuclear weapon.

Mr. CLAPPER. Well, and they have hundreds of them——

Senator AYOTTE. Right.

Mr. CLAPPER.—that threaten the Mideast. Of course, the two under development could potentially, given the technology, although the immediate one that's most—I guess the most proximate that would be launched, the GAM, is built by civilians and is ostensibly for space launch——

Senator AYOTTE. I only have 5 seconds left, but I want to follow up on the heroin question. I believe you said that heroin and Fentanyl, which is, of course, 30 to 50 times more powerful, is coming over our southern border. That has doubled by the Mexican drug cartels, going back to 2010. Do you believe that that's something that we—General Kelly has raised this when he was commander of SOUTHCOM as—that delivery system and those cartels could actually deliver almost anything with the sophisticated networks they have established, but do you believe we should be focused also on more interdiction, particularly on the heroin problem at the southern border?

Mr. CLAPPER. I do. The experience, at least what I've observed—and I think General Kelly has said this consistently when he testified—is that it wasn't for lack of intelligence; it was lack of operational capacity to actually react and interdict. I'm a big fan of the Coast Guard, and the Coast Guard's done some great things. These new national security cutters are fantastic capability against drug—to—for drug interdiction purposes.

Senator AYOTTE. Thank you.

Chairman MCCAIN. Senator Kaine.

Senator KAINE. Thank you, Mr. Chair.

Thanks, to the witnesses. I have many questions to ask, but I think what I'll do is focus on one.

I just—I'm struggling with this, and I would love to hear your thoughts about low oil prices and how they affect our security posture. This is not in a litany of gloom; this is a good thing. It's got some elements to it that are—I think are challenging.

I was in Israel once, in April of 2010, and meeting with President Shimon Peres, and I asked him what would be the most important

thing the U.S. could do to enhance security in the region. He said, "Wean yourself off dependence on oil from the Middle East." As I talked to him, his basic logic was, to the extent that we developed noncarbon alternatives or our own native energy sources, our demand for Middle Eastern oil would drop. We're a market leader. That would have a effect of reducing prices. A lot of the nations in the Middle East—Iran and other nations—Russia or Venezuela—they've used high oil prices to finance bellicose adventurism. If they get more strapped on the cash side, they have a harder time doing it.

So, we've seen a dramatic development in American native energy. We've seen development of noncarbon energy. We've seen oil prices go to dramatic lows. They're not going to stay there forever, but many are predicting that they're going to stay significantly lower than historic lows. It's good for American consumers. It's good for American businesses. It poses challenges for some of our principal adversaries; Russia, for example. It puts a cap on, to some degree, what Iran would get from being back in a global economy and selling their oil. It also poses some risks, as well. I've heard European counterparts say that they're really worried about an aggressive Russia, but they're even more worried about a economic basket-case Russia.

So, from the intel side, as you look at intel and threats, talk a little bit about the prospect of low oil prices and any negatives associated with that, please.

Mr. CLAPPER. Well, I think you've painted the picture pretty well, Senator Kaine. The—it's working, I guess you would say—one could say, to our advantage. Russia—I spoke about that earlier—and the price—current price of Ural crude, for example, is $28 a barrel, when Russia's planning factor for their national budget is $50 a barrel. This has affected—for example, they have been unable to invest in the Arctic, so it's had profound impact, and will, I think, for some time, just structurally in Russia.

Venezuela is another case, a country that was—that's been completely dependent, almost, for its revenue for a long time, on oil revenue. Of course, with the precipitate drop in oil, it's had a huge impact on their economy, which is status managed anyway and is laced with all kinds of subsidies for its people. Now they're having—they're facing insolvency.

So, that—it has that effect. Of course, to the extent that we become independent and not dependent on anyone's oil, that's a good thing. Countries caught in the middle, I think, it's going to be a mixed bag as to how well they manage themselves, where they are dependent on others for oil. If the price stays low, that's great. If it—if it's hiked, either by virtue of the natural forces or artificially, that could have a very deleterious impact on the economy, say in Europe. So, it's a very mixed picture.

Senator KAINE. Just a followup about Russia, in particular. It seems that sometimes they're more likely to engage in some, you know, adventurism outside their country when their internal politics and economy is in trouble. I mean, Putin seems like a guy who, when things are going bad at home, he wants to divert attention. Whether it's throwing an Olympics or a World Cup or invading another country, that seems to be kind of a move that he'll make

when he's got dissatisfaction at home driven by economic challenges. So, is there some degree to which these lower oil prices, they negatively affect an adversary, but they may make them a little more unpredictable and, hence, dangerous?

Mr. CLAPPER. That's true. Of course, all decisionmaking in Russia is essentially made by—is done by one person. The Russians have a great capacity for enduring pain and suffering. The polls that are taken in Russia still indicate very high levels of popularity, 80-percent range, for Putin. It is interesting, though, his speeches of late in—domestically, have taken a different turn or a different tone, in that they are much more exhorting patriotic spirit and the great history of Russia as, I think, probably a way of diverting attention from the poor economic performance of the Russian economy. By any measure—you look at unemployment, inflation, the worth of the ruble—its alltime low—and investment, et cetera, whatever measure you want to use, the—it's all not good for—from a Russian perspective.

Now, the issue would be, How does that affect the street, and what point does the people start turning out and demonstrating, which—that's what makes them—they're very nervous. If people get organized and restive on a large scale throughout the—throughout Russia, they—Russians are very concerned about that.

Senator KAINE. Thank you very much.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

Director Clapper, in your statement, you assess that foreign support will allow Damascus to make gains in some key areas this year. General Stewart, you state that the Assad regime is unlikely to be militarily defeated or collapse in the near term, and it's poised to enter 2016 in a stronger military position against the opposition because of their increased support that they're receiving from Iran and Hezbollah and Russia. Given Assad's apparently improving fortunes that we're seeing, do you assess that he will negotiate any kind of transition from power?

General STEWART. He's certainly in a much stronger negotiating position than he was just 6 months ago. His forces, supported by Russian air forces, supported by Iranian and Hezbollah forces, are having some effect, but not decisive effect across the battlefield. They've isolated Aleppo, for instance. They're now sieging Aleppo. So, he's in a much stronger negotiating position, and I'm more inclined to believe that he is a player on the stage longer term than he was 6 months to a year ago. He's in much better position.

Senator FISCHER. General, what—how would you define "longer term"?

General STEWART. Yeah, that's—I think this—this one's interesting, because I think the Russians are very comfortable with the idea that, if they have a regime that supports their interests in Syria, Bashar al-Assad might not be as important to them as—Bashar al-Assad is far more important to the Iranians to maintain their relationship with Syria and status around Lebanon. So, I think getting all the parties to agree on whether he should go, the timeline with which he should go, who might be an—a better alternative, because that's important to all the parties—this is such a

dynamic space—and then you sow the Turks in with their interest that Assad should go, also. So, I think, long term, I'm not seeing any change in the status here for the next year or so. Beyond that, we'll see how the fight on the battlefield unfolds.

Senator FISCHER. Before I turn to you, Director Clapper—General, when you mention about Iran and Moscow being able to work together on this, and maybe they're—what I heard was, maybe they're diverging in their support for Assad in keeping him in power or giving him more leverage in a transition. Do you believe that is going to come to a head—again, in the short term, long term—and what are the consequences of that?

General STEWART. In——

Senator FISCHER. I mean, I can remember—and it wasn't that long ago—when we would all sit up here and say, "it's not a question on if Assad is leaving, it's when he's leaving." That obviously has changed.

General STEWART. The Russian reinforcement has changed the calculus completely. The tactical relationship that Iran and Russia has today, I suspect, at some point—and it's pretty hard to predict that some point—will diverge, because they won't share the stage. Iran wants to be the regional hegemon. If it has to compete with Russia in the longer term—and again, I can't put months or years—I suspect that their interests will diverge because of competition as a regional power.

In the near term, though, their interest is simply to prop up the regime. The regime, in my mind, is not necessarily Assad; it's the regime, first of all, that allows Russia to maintain its interests and allows Iran to control Syria—greater Syria and parts of Lebanon. When those two things become tension points, where their interests—where Russia jettisons Assad or Russia pushes for his removal—I suspect that they will have at least a tactical breakdown. However, it's still in Iran's interest to maintain a relationship with Russia, because of what we talked about earlier, the ability to procure weapons from Russia without any preconditions. They would like to modernize all of their military forces, and Russia seems to be an option for doing that.

So, the relationship might be tense, it might break down at some point because of regional desires for control, but they'll still have the enduring relationship from a weapons procurement standpoint.

Senator FISCHER. Director Clapper, I'm out of time, but if you had just a couple of comments you'd like to add there—I apologize for giving you less time.

Mr. CLAPPER. That's fine.

The thing that I find interesting is that both the Russians and the Iranians are growing increasingly interested in using proxies, rather than their own forces, to fight in Syria. The Russians are incurring casualties. The Iranians are. To the extent that they can bring in others—and, of course, in Iran's case, Hezbollah.

I think Russians are not wedded to Assad personally, but they have the same challenge as everyone else, "If not Assad, who?" I don't know that they've come up with an alternative to him, either.

Senator FISCHER. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King.

Senator KING. Gentlemen, thank you for being with us this morning.

I was discussing, yesterday with one of our "Five Eyes" partners, overall long-term intelligence and worldwide threats. I'm afraid—and you touched on this, Director Clapper, in your report—I'm afraid that the Syrian refugee crisis is a precursor of a larger refugee crisis that we could be facing over the next 10 to 20 years, based upon predictions of climate change, the band of the world that is going to be subject to droughts, famine, crop loss, flooding in some areas, over—incredible heat in the band around North Africa, Central Africa, into Southeast Asia. We could see mass migrations that could really strain the Western countries. Would you concur in that, Secretary——

Mr. CLAPPER. Well, I think you're quite right. I alluded to that, at least briefly, in my oral statement, about the fact that we have some 60 million people around the globe displaced in one way or another. I think the——

Senator KING. If that increases, it's going to create—because all of those people are going to want to go where things are better——

Mr. CLAPPER. Exactly.

Senator KING.—which happens to be the northern hemisphere.

Mr. CLAPPER. So, that's why that is going to—that will place ever greater stresses on the remainder of the countries, whether here in the Americas, Europe, Africa, Asia, wherever. The effects of climate change, of weather aberrations, however you want to describe them, just exacerbate this. You know, the—what we have in the world is sort—in the—by way of resource to feed and support the growing world population is somewhat of a finite resource. There's only so much water, only so much arable land. The conditions that you mention, I believe, are going to foment more pressure for migrants. That on top of the instability that—of governance that I spoke briefly about in my oral statement, as well—I think are going to make for a challenging situation in the future.

Senator KING. Thank you.

Again, turning to something that you touched on. The lack of capacity to deal with drug imports, it seems to me, is something that is a real strategic and tactical challenge. We're suffering terribly, in my home State of Maine, with heroin. New Hampshire has one death overdose a day. In Maine, it's 200 a year, one death every weekday, if you will. We're trying to deal with the demand side and with the treatment and prevention. Keeping this stuff out to begin with—and heroin's cheaper than it's ever been, which tells me that the supply is up. What do we—where should we be putting our efforts on the interdiction side?

Mr. CLAPPER. Well, on—to the extent—I think the—working with the Mexican government, particularly since that's where a great deal of this comes from, is Mexico, and I think the partnership that we can engender with them is crucial to this.

Senator KING. Are they——

Mr. CLAPPER. Obviously——

Senator KING.—a serious partner? Do they want to stop this, or does—or are they conflicted? Do they see this as a cash crop?

Mr. CLAPPER. Well, I think it's who—it depends on who "they" is in Mexico. I think the national leadership would obviously like

to stop the flow. There are very—as you know, very, very powerful economic forces in Mexico that auger against that, and we've got a lot of money. They also have a corruption problem, frankly, to deal with. So, I think we need to be as aggressive as we can be in interdicting what we can. I mentioned earlier, for example, the tremendous impact of the Coast Guard capabilities, when they're brought to bear. As we discussed earlier, General Kelly, one of—the former commander of SOUTHCOM—has spoken to this many times, about not so much a lack of intelligence, but rather the lack of an operational capability to respond to the intelligence to interdict. We have the intelligence capability and the intelligence capacity, but that needs to be matched by a concomitant resource commitment.

Senator KING. We need a greater commitment, in terms of interdiction capacity.

Mr. CLAPPER. Exactly.

Senator KING. With just a few seconds left, and perhaps you could take this for the record. We always, at these hearings, talk about the cyberthreat. We've done some actions here. We finally got though a cyber bill last year about information-sharing. I'm still concerned about critical infrastructure. Perhaps, for the record, you could give us some thoughts about what further we should be doing here in Congress or in the country, in terms of critical infrastructure. Because that's, I think, our—one of our areas of greatest vulnerability.

Mr. CLAPPER. I share your concern and we'll provide some for the record.

Senator KING. Thank you.

[The information referred to follows:]

[Deleted.]

Chairman MCCAIN. Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Cotton.

Senator COTTON. Gentlemen, thank you both for your many years of service to our country.

First, I'd like to say that it's reassuring to hear so many members of this committee, who voted to give the world's worst state sponsor of terrorism tens of billions of dollars, express their grave concerns about what Iran might do with that money. I wish we had heard more of those concerns during the debate and before the vote on it.

Director Clapper, you testified last year that, in your 45 years of public service, this was the worst global threat environment you had ever seen. Is that correct?

Mr. CLAPPER. Yes, sir. I had occasion to say it again in a—response to a question earlier.

Senator COTTON. That's a—and that's—was your point with Senator McCain earlier, is that it's the worst global threat environment now in 46 years?

Mr. CLAPPER. Well, it's certainly the most diverse array of challenges and threats that I can recall.

Senator COTTON. Why is that?

Mr. CLAPPER. Well, I think it's—frankly, it's somewhat a function of the change in the bipolar system that did provide a certain sta-

bility in the world, the Soviet Union and its community, its alliance, and the West, led by the United States. Virtually all other threats were sort of subsumed in that basic bipolar contest that went on for decades and was characterized by stability. When that ended, that set off a whole range of a whole group of forces, I guess, or dynamics, around the world that have changed.

Senator COTTON. You both have long and deep experience in the Middle East. In your experience, is the Middle East a place that prizes concessions in negotiations or strength in toughness?

General STEWART. I would argue that, in almost all these cases, strength is preferred over signs of weakness.

Senator COTTON. Do you believe that the appearance and reputation for power is an important part of the reality of power in national security affairs?

General STEWART. Yes, Senator.

Senator COTTON. What would you believe is our current reputation for power in the Middle East after, say, 12—10 American sailors were videotaped kneeling at gunpoint by Iranian Revolutionary Guard Corps forces?

General STEWART. I don't know that that incident alone reflects the perception of our strength and power. I think, over the last several years, there have been some concerns among our partners about our commitment to the region, our willingness to employ the force, where our interests—both national and strategic interest lies. I think that's caused just a little bit of concern among our partners about our commitment to the region.

Senator COTTON. I would like to return to a question that Senator Heinrich raised. He raised the news that the Saudi Defense Ministry and now the Emirati Foreign Ministry have both suggested that they would be willing to deploy their troops to the ground in Syria. He asked you to assess the capability of those militaries. Threats, for good or for ill, are part of—are both capability and intention. In both of the statements from Saudi Arabia and the UAE, they both insisted that they would need to see United States leadership in that effort.

Director Clapper, do you have any idea what kind of leadership they're talking about, what more they would expect to see from the United States that they apparently are not seeing at the moment?

Mr. CLAPPER. Well, I don't know what—I—and I took it to mean specifically with respect to if they deployed a significant military force into Syria. I took it to mean the command-and-control capability that, you know, the U.S. is pretty good at. I—that's what I took it to mean.

Senator COTTON. General Stewart?

General STEWART. I think the Arab countries, led by Saudi Arabia and the Emiratis, would like to see more ground forces to match their commitment. Having said that, I do not assess that the Saudi ground forces would have either the capacity to take this fight on—as I've said earlier, the Emiratis, very capable, acquitted themself well in Yemen, but lack the capacity to take on additional fight elsewhere. I think the idea is, How do we get more U.S. skin in the game?

Senator COTTON. Thank you.

Director Clapper, in early October, shortly after Russia began its incursion into Syria, President Obama called it, quote, "a big mistake," and, quote, "doomed to fail." Do you believe, 4 and a half months later, that Russia's incursion into Syria is "a big mistake" from their standpoint, and "doomed to fail"?

Mr. CLAPPER. It could be a big mistake. One of the concerns the Russians have, of course, those with long memories, is a repeat of Afghanistan. Of course, that's why the Russians, to this point, have avoided a significant ground force presence. They have about 5,000 personnel tied up in supporting the air operations—advisors, intelligence, et cetera. So, long term, it could be a mistake for them. They haven't enjoyed the success, I think, that Putin anticipated. I think he believed that he would go in quickly and be able to leave early. That is not turning out to be the case. They are getting into a long-term stalemate, themselves.

Senator COTTON. Thank you.

My time is expired.

Chairman MCCAIN. Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Good morning, gentlemen. I repeat what so many have said here. Thank you for your public service.

Given what you just said, General Clapper, about Russia being concerned about being bogged down, and going back to the comments of Senator Kaine about the cash reserves of Russia diminishing because of the price of oil, and you mentioned that, at some point, the street in Russia going—these are my words—to erupt. Can you give us any sense of when that might occur, given these factors that has been discussed in the whole committee meeting?

Mr. CLAPPER. Senator Nelson, I cannot. I don't know when that tipping point might occur. As I said, the Russian people have a great capacity for enduring discomfort and inconvenience and pain. I think, at some point, they will reach a breaking point. I think the Russian leadership is mindful of that and are very concerned about it. The sustained economic recession, which will go well into 2016, I think it's somewhat of an imponderable to try predict when—if this is sustained, when that will cause a breaking point and when the street will say something.

Senator NELSON. From an intel standpoint, Putin can continue his diversions—Crimea, Syria, whatnot—to get the nationalistic fervor of the Russian people continually stoked up. When they can't get butter and they get to the point that they realize that that's going more to guns, do we have any sense, from the history of Russia, of all—or from an intel standpoint—do we hear anything of the rumblings going on in Russia that would give us a better idea of how to predict that timing?

Mr. CLAPPER. Well, no. I don't think—predicting, you know, sociological dynamics is very difficult, when people will collectively reach a breaking point. That's, you know, kind of what happened with the demise of the Soviet Union, when the—you know, "the big lie," I think, became evident to more and more people. That's another thing that the Russians worry about, is information and—information from the outside world. The Russians expend a lot of energy, time, and resource on controlling information and controlling the message in Russia. So, the combination of these factors—their

ability to endure the gradual erosion of the economy of Russia, their tight control of information, not unlike the heyday of the Soviet Union, makes it, to me at least, very difficult to predict when all those forces will collide.

Senator NELSON. Let me ask about assured access to space, which is essential to our national security. We have a great deal of optimism as a result of what we're seeing, a number of companies now producing rockets that seem to be quite successful. We have the likelihood of new engines being produced. This Senator is concerned, not in the long term, but more in the short term, of—Is there a gap there that, if we do not have that Russian-supplied engine, the RD–180, that we will not have the assured access to space because of the alternative being, number one, that the Delta 4 cannot be produced quickly enough, and number two, that it would be prohibitively expensive compared to the alternative of the Atlas 5?

Mr. CLAPPER. Well, as I said earlier, Senator Nelson, I—I'm in the customer mode. I have certain imperatives, in terms of our assured access to space for overhead reconnaissance purposes. This is extremely crucial capability for the Nation's safety and security. I look to the providers of those who get those things into space, which, for me, is the Air Force——

Senator NELSON. I understand that.

Mr. CLAPPER.—to decide that. So, I—you know, the Delta has worked great for us. We felt it was responsive, it was cost-effective——

Senator NELSON. Right.

Mr. CLAPPER.—and it worked for us.

Senator NELSON. Are you concerned that there could be a gap?

Mr. CLAPPER. Well, I certainly would be. I mean, when we've had to manage gaps, not so much from a—because of launch, but simply because of the capabilities in space, that is a great concern to us in the intelligence community. So, yes, I would be very concerned about gaps.

Chairman MCCAIN. Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

Director Clapper and General Stewart, thank you both for your service to our country. We most certainly appreciate the participation that you have in this meeting today.

In October of last year, the United States Naval Institute published a rather chilling article detailing the long list of advanced weaponry that the Chinese military has cloned by stealing from other nations either through cyber espionage or reverse engineering. What roles do you see the intelligence agencies taking to prevent this hemorrhaging of American technological advantage?

Mr. CLAPPER. Well, I think it's our responsibility to ensure that our policymakers, and particularly the Department of Defense, are aware of the—this hemorrhage, if you will, of technological information that the Chinese have purloined. So, I think our duty, our obligation is—from an intelligence community standpoint, is to make sure people know about this, and, where we can, suggest ways to try to stop it.

Senator ROUNDS. General Stewart?

General STEWART. I don't know if I could add anything more to that. We detect, we get an appreciation, understanding of the threat vectors, we inform, and, if we can, we provide some potential solutions. It then becomes up to those who have the technology, who have been threatened—their intellectual property threatened, to take those countermeasures. So, I think we identify, we warn, we report, and it's over to the users.

Senator ROUNDS. Would you both—with regard to the tools that you have available today, do you have the appropriate equipment, tools, and technology to be able to detect and report these attacks?

Mr. CLAPPER. Yes, we do. I do think—and this gives me an opportunity for maybe a small commercial that we do sustain our R&D. This is particularly the—important for, well, all the IC, but particularly NSA [the National Security Agency], that we stay ahead of cyber technological developments in the world domain for foreign intelligence purposes to stay abreast of these.

Senator ROUNDS. What do you believe constitutes an act of war in cyberspace? What do you assess it would look like? When does it become an act of war?

Mr. CLAPPER. That's a great question, Senator, that—one that we've wrestled with. A certain extent, it's—I guess it's in the eye of the beholder. This gets to the whole issue of cyberdeterrence and all those kind of complex questions. I think that's a determination that would almost have to be made on a case-by-case basis, depending on the impact.

Senator ROUNDS. So, if we were to suggest that it was time to define what an act of war in cyberspace would be, it would not be appropriate? Or should we be looking at clearly defining what an act of war constitutes with regard to cyber activity? Would that be helpful, or not?

General STEWART. I think it would be extremely helpful to have clear definitions of what constitutes cyber events versus acts of war. We generally look at all cyber events, and we define it as an "attack." In many cases, you can do reconnaissance, you can do espionage, you can do theft in this domain we call cyberspace. The reaction always is—whether it's an adversary doing reconnaissance, an adversary trying to conduct HUMINT [human intelligence] operations in this domain, we define it as an "attack." I don't think that's terribly helpful. So, if we can get a much fuller definition of the range of things that occur in cyberspace, and then start thinking about the threshold where an attack is catastrophic enough or destructive enough that we define that as an act of war, I think that would be extremely useful.

Senator ROUNDS. Have we done enough, or a sufficient job, in deterring cyber aggression?

General STEWART. I think we have a pretty robust capability to understand the adversaries. I think most potential adversaries understand that we have a capability. Whether or not we are ready to use that, because that's the essence of deterrence that an adversary actually feels, that we will use the capability that we have, I'm not sure we're there yet. That goes beyond our ability to understand and to counter with military capabilities. So, I think there's another dimension of convincing, from a policy standpoint, that we're willing to use that capability.

Chairman MCCAIN. Wouldn't it be a good idea to have a policy, General? As I understand it, we have no policy as to whether we should deter, whether we should respond, whether—if so, how. Is it—wouldn't it be good if we had a policy?

General STEWART. Mr. Chairman, I always find it good to have a policy that guides the things that I can do as a military officer.

Chairman MCCAIN. I think that's not a earth-shaking comment, to tell you the truth. I don't think we'll stop the presses. The fact is, we don't have a policy. I don't know how you act when there's no policy as to how we respond to threats or actual acts of penetration into some of our most sensitive information.

Senator Sullivan.

Senator SULLIVAN. Thank you, Mr. Chairman.

Welcome, gentlemen. Great to see two marines at the table. As the Chairman knows, the terms "marine" and "intelligence" are considered synonymous by most, so glad to see you're——

Chairman MCCAIN. Really?

[Laughter.]

Senator SULLIVAN.—glad to see you're bolstering that fine tradition.

I wanted to focus a little bit on the—what's going on in the South China Sea. Director Clapper, last time you were here, you expressed concerns over the possible militarization of some of the formations that are being built up in that part of the world by the Chinese. As you know, here we are, a year later, and that's exactly happened, in terms of 3,200 acres of new land, seven large land features, an airfield, one of which is 10,000 feet long. What do you believe the Chinese—what do you believe their goals are in the region?

Mr. CLAPPER. Well, I think the Chinese are very, very determined to sustain their exorbitant claims in the South China Sea. They've had this "nine-dash line" playing for some time. They have sustained that. I think they will continue with building up their capabilities on these outcroppings and islands.

Senator SULLIVAN. Do you think they're clearly looking to militarize those outcroppings?

Mr. CLAPPER. Well, I think—not sure what—you know, what the definition of "militarize" is. Apparently, President Xi may have a different view than—definition than we do. I think when you put in runways and hangars and start installing radars, doing port calls with Chinese navy and Chinese coast guard ships—they have not yet, I don't believe, actually landed any military fighter aircraft yet, but they have tested the airworthiness, so to speak, of their air drones there with civilian aircraft. So——

Senator SULLIVAN. So, I want to follow——

Mr. CLAPPER.—I think it's very clear that they will try to exert as much possessiveness, if you will, over this area and the South China Sea in general.

Senator SULLIVAN. I want to follow up on a point the Chairman just made. As far as our policy to counter that, you know, this committee, in a bipartisan way, has certainly been encouraging the White House, the military, to conduct regular FONOPs [freedom of navigation operation] in the region, preferably with our allies. I think our allies are all very motivated to see American leadership

here. Do you think that we have clearly articulated what our policy is? Do you think that regular FONOPs by U.S. military vehicles—ships, aircraft—with our allies, is an important way to counteract the strategy that seems to have very little pushback on it right now?

Mr. CLAPPER. Well, again, this is a policy, and we're just down in the engine room, shoveling intelligence coal. I do think that we have made clear the policy on freedom of navigation, and have done at least two FONOP missions.

Senator SULLIVAN. Do you think our allies understand what our articulated policy in the region is?

Mr. CLAPPER. I think they do, and I think they welcome our freedom-of-navigation operations. I think they are a bit reticent to speak publicly as supportively as they do in private.

Senator SULLIVAN. Let me turn to the Arctic. I appreciated your—both of your focus on the Arctic in your testimony. As you know, there's been a dramatic increase in the Russia's military buildup in the Arctic. There's been statements by the Deputy Prime Minister about how we should colonize the Arctic. You even mentioned, Director, in your testimony, that the Russians would be prepared to—unilaterally, to protect their interests in the Arctic. Let me just ask a couple of questions, and you—both of you can answer them to the—however you want, in terms of prioritization.

What do you believe the Russians are up to with their dramatic buildup in the Arctic? President Putin certainly is somebody who probes for weakness. How do you think he's reacting to our actual plans for dramatically withdrawing the only Arctic-trained forces in the Active Duty U.S. military? Do we need to be looking at, kind of, FONOP kind of operations in the Arctic, particularly given that the Russians have such a significant interest in the Arctic? They've built up their northern fleet, they have 40 icebreakers, and the strategic northwest passage is only going to become more important. Is that something we should be looking at doing on a regular basis——

Mr. CLAPPER. Well, I can——

Senator SULLIVAN.—in terms of our FONOPs?

Mr. CLAPPER.—I can——

Senator SULLIVAN. You can answer any of those—all three of those questions, if you'd like.

Mr. CLAPPER. I can comment on—from an intelligence perspective, that we are turning attention to the Arctic. There's about a 6,000-kilometer-long coastline that the Russians have on the Arctic. They've established a—built around their northern fleet a joint command to oversee their military activities. They are refurbishing bases there. They're—quantitatively, they appear to have what—where they're going would be actually less than what they had in the Arctic regions during the heyday of the Cold War, but, qualitatively, it'll probably be better.

What has stymied the Russians, as I alluded to earlier, though, was—their grand plans for investing there, particularly with energy extraction, have been stymied because of the economic recession. So—and they need foreign investment, from a technological standpoint, and they are not getting it, because of the economic extremis they're in.

So, yes, Arctic is important. We engage with the countries that are a part of the Arctic Council, notably Canada and Norway. We are stepping up our intelligence-sharing with those countries. In terms of what the Russians are doing there. As far as what we do about it and troop deployments, that's kind of not our department.

Senator SULLIVAN. You can give us assessment on what you believe Putin would think as he builds up the Arctic, we're withdrawing forces from the Arctic. In your assessment of how he operates and thinks, what does he think about that? How will he view a reduction in Arctic forces by the United States when he is dramatically building up forces? You can certainly answer that question.

Mr. CLAPPER. Well, I don't know what he thinks. I don't read his mind. I guess anytime he sees an opportunity where he believes we're reducing or not being prevalent, then if he—if that serves his purpose, he'll take advantage of it.

Senator SULLIVAN. General, any views?

General STEWART. The Russians intend to increase their ability to control the Arctic regions. They've built air bases, they're building missile defense capability, both coastal and naval missile defense capability. They're doing that for economic and military reasons. In the absence of something that counters that, they will continue to expand. So, there is, I think, an imperative that we have both the willingness and the capacity to push back on their control or dominance of the Arctic region.

I think they're probably in a place where they are—they'd be willing to negotiate and discuss how you conduct operations in the Arctic, but they need to have something to push against.

Senator SULLIVAN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King feels compelled to ask an additional question.

Senator KING. Thank you, Mr. Chairman, I think.

[Laughter.]

Senator KING. Quick question about money. Two questions, actually.

Where does North Korea get its money? It doesn't seem to have much of an economy, and yet it's building missiles, nuclear capability, military buildup. Where's their funding?

Mr. CLAPPER. Well, the—their primary trading partner, of course, is China, by far, probably 90 percent of their trade. They—and the biggest single export from North Korea to China is coal. Runs around a—they get about a billion-point-two a year from coal sales. Then, of course, it's illicit finance—illicit finances. They have a—an organized approach to laundering money and this sort of thing. So—but, most of their trade in the—in North Korea is natural-resource-heavy. The Chinese exploit that. So, that's where they get the lion's share of the——

Senator KING. Is it safe to say that if China decided they didn't like the direction of North Korean policy, they could have a significant influence over it?

Mr. CLAPPER. I don't think there's any question that, to the extent that anyone has leverage over North Korea, it's China.

Senator KING. A second followup question, this time about Russia. What percentage of the Russian budget is funded by oil revenues?

Mr. CLAPPER. Oh, I'll have to take that for the record, but a large part is—a significant proportion of their budget is—I think is from oil revenue. I don't know exactly what it is. I could——

[The information referred to follows:]

[Deleted.]

Senator KING. You've talked about a 4-percent contraction, I believe, in their economy over——

Mr. CLAPPER. Yes.

Senator KING.—the past year, which is projected to continue into this year.

Mr. CLAPPER. Correct.

Senator KING. At some point, it seems to me, they're going to reach a point where they just run out of money. I wouldn't imagine they would be too good a credit on the world——

Mr. CLAPPER. Right.

Senator KING.—credit market.

Mr. CLAPPER. They do have very significant reserves—financial reserves that they've built up over the years, which they're starting to eat into. You're quite right, I mean, over an extended period, it can't sustain them.

Senator KING. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Very quickly, Director. General Kelly testified before this committee about this issue of this manufactured heroin, which has now become a major issue all over America, particularly the northeast and the midwest, this dramatic increase in heroin drug overdoses. Some of it comes across the land border. General Kelly testified before this committee that he—because of his lack of assets, he watches, sometime, seaborne transportation of drugs that land in various places in the Caribbean and come up into the United States. Isn't that an issue that you can trace, to some degree, to sequestration, but also the old squeezing-the-balloon theory?

Mr. CLAPPER. Well, I can't say specifically whether this is attributable to sequestration, or not. I just do know that there is a great deal of intelligence that the intelligence community produces on drug flow into the United States. And——

Chairman MCCAIN. And some of that is——

Mr. CLAPPER. I've heard—I've——

Chairman MCCAIN.—shifted to seaborne——

Mr. CLAPPER. Yes——

Chairman MCCAIN. Yeah.

Mr. CLAPPER.—exactly. Seaborne interdiction with these semi-submersible vehicles that are sailed to the American coast. The difficulty has been: not enough operational resources, and particularly Coast Guard or Navy resources, that could be used to take advantage of the intelligence that is produced. I saw General Kelly speak to that, just about every year he testified.

Chairman MCCAIN. The interesting thing about this is that if you talk to literally any Governor in the northeast or midwest of

this country today, they would say that this is practically an epidemic of—a dramatic increase in heroin drug overdose deaths. Now we're going to have this agreement with the FARC [Revolutionary Armed Forces of Columbia], which all of us want, in Colombia. Does that mean that a lot of these FARC people will go into the drug business?

Mr. CLAPPER. It certainly could, sir. The other thing I—and I alluded briefly to this in my statement—was, of course, the—we're seeing an increase in cocaine, which is occasioned by—comes from Colombia and, as part of this agreement and also, I think, President Santos, the—took heed of what were presented to him as environmental impacts of the eradication program that have been existent in Colombia for some years. They're stopping the drug eradication and trying to appeal to the farmers to grow other crops, which probably will be a challenge. So——

Chairman MCCAIN. We saw that experiment in Afghanistan, trying to get the farmers to go to other crops rather than poppies. It was a failure.

Mr. CLAPPER. Well, it didn't seem to work, no. I mean, that—there is so much money to be made, and it is such a huge moneymaker that it's very hard, I think, to find other—alternate crops that are equal—that are legitimate, that are equally profitable.

Chairman MCCAIN. Finally—I apologize for imposing on your time, but one thing we know is the Energomash, the company that sells the Russian rocket engines to the United States, is rife with people who are cronies of Vladimir Putin, people who have been sanctioned, part of criminal activities. Wouldn't it better for us to—rather than giving tens of millions of dollars to Russia—Putin and his cronies, to buy more Deltas as part of the solution? I know your answer is going to be: you're the purchaser. I also think that this almost borders on a national security issue, because, if we're going to give tens of millions of dollars to people who are known thugs and Putin, himself, who was just recently implicated by the British for the murder of a former KGB agent in London, the assassination of Boris Nemtsov in the shadow of the Kremlin, that—for us to unnecessarily provide the Russians with tens or hundreds of millions of dollars, it doesn't seem to me to be a logical way to do business, particularly if the we have the opportunity to buy more Deltas and have the development of Russian rocket engines here in the United States, which people like SpaceX and others are working on. Do you have any comment?

Mr. CLAPPER. I would agree with you. I—I'm interested in the service, in lift, in getting—in launch, in getting our reconnaissance satellites deployed on time. I would much prefer that the totality of the system that gets those satellites into orbit were American.

Chairman MCCAIN. I thank you.

Senator Reed, do you have——

Senator REED. I simply want to thank both General Stewart and General Clapper for their testimony and their service.

Particularly, again, General Clapper, thank you for your extraordinary service to the Nation.

Mr. CLAPPER. Thank you very much.

Chairman MCCAIN. Can I say, sometimes we have hearings that are, maybe, not too productive. I view this as one of the more help-

ful hearings that we have had before this committee. I thank the witnesses for their candor and their wisdom.

This hearing is adjourned.

[Whereupon, at 11:37 a.m., the hearing was adjourned.]

EMERGING UNITED STATES DEFENSE CHALLENGES AND WORLDWIDE THREATS

TUESDAY, DECEMBER 6, 2016

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:33 a.m. in Room SH–216, Hart Senate Office Building, Senator John McCain (chairman) presiding.

Committee members present: Senators McCain, Inhofe, Wicker, Ayotte, Fischer, Rounds, Ernst, Tillis, Sullivan, Lee, Graham, Cruz, Reed, McCaskill, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, and Heinrich.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. Good morning. The Senate Armed Services Committee meets this morning to receive testimony on emerging U.S. defense challenges and worldwide threats.

We're fortunate to have with us three distinguished witnesses: General Jack Keane, Chairman of the Institute for the Study of War and former Vice Chief of Staff of the Army; Mr. Shawn Brimley, the Executive Vice President and Director of Studies at The Center for a New American Security; and Dr. Robert Kagan, Senior Fellow at The Brookings Institute, Project on International Order and Strategy.

Our next President will take office as the United States confronts the most diverse and complex array of global security challenges since the end of the second World War. Great power competition, once thought a casualty of the End of History, has returned as Russia and China have each challenged the rules-based order that is the foundation of our security and prosperity. Rogue states like North Korea and Iran are undermining regional stability while developing advanced military capabilities that threaten the United States and our allies. Radical Islamist terrorism continues to pose a challenging threat to our security at home and our interests abroad. The chaos that has spread across the Middle East and on which our terrorist enemies thrive has torn apart nations, destroyed families, killed hundreds of thousands of men, women, and children, and sent millions more running for their lives.

Today—today—President Obama will deliver a speech in Florida touting his counterterrorism successes. I'm not making that up. Yet, even a glimpse at the chaos enveloping the Middle East and spreading throughout the world reveals the delusion and sophistry of this President and his failed policies. In short, when our next

President is inaugurated, just 6 weeks from now, he will look out on a world on fire and have several consequential strategic choices to make: how to address Russian or Chinese aggression; how to confront threats from North Korea; whether to alter our relationship with Iran; how to improve and quicken our campaign against ISIL [the Islamic State of Iraq and the Levant]; how to counter the instability radiating from Syria; how to ensure victory in the war in Afghanistan—and I could go on—not to mention the overwhelming challenge of cybersecurity. Our next President will not have the benefit of time and cautious deliberation to set a new strategic course for the Nation. That work begins with a series of decisions that will present themselves immediately on day one. That's why it's so important to get these things right from the outset.

As we ponder these strategic questions, we must also consider our military posture around the world. We must decide the appropriate military presence in Europe and reverse reductions made by the Obama administration under the assumption that Russia was a partner. We also need a fresh look at further steps to enhance U.S. presence in the Asia-Pacific region. We need to uphold our commitments to allies and partners, including by finally providing lethal assistance to Ukraine and standing by the opposition in Syria. We need to push back against the spread of Iranian malign influence in the Middle East. This starts in Iraq, where the eventual liberation of Mosul will intensify the sectarian struggle for power and identity. We need to finally give our troops in Afghanistan what they need to succeed: permanent and flexible authorities to engage the enemy and troop levels based on security conditions on the ground.

Here at home, we need to return to a strategy-based defense budget. Our next President would need more than $100 billion over and above the Budget Control Act caps just to execute our current defense strategy, which is insufficient, since it predates Russian invasion of Ukraine and ISIL's rampage across Syria and Iraq. This will require our next President to negotiate a broad bipartisan agreement on the budget that brings an end to the dangerous and misguided Budget Control Act. Such an agreement has eluded President Obama and the Congress, not because of disagreements on defense policy, but because we've lacked the political will to prioritize defense.

Since the election, many have discussed domestic priorities, including reviewing Obamacare, increasing information spending, and implementing tax cuts. These can be no—there can be no greater priority than preserving and increasing America's position of strength and military advantage in the face of increasing global dangers, that rebuilding our military must be a political priority, not just a talking point. We must not only provide stable and increased defense budgets, but the next President's administration must also implement reforms to the Nation's defense. This will include changes to the defense enterprise passed by the Congress over the last 2 years.

I'm proud of the work we've done on modernization—on modernizing military retirement, improving military healthcare, reforming defense acquisition, trimming Pentagon bureaucracy, and more.

The ultimate success of these reforms will depend on years of faithful implementation and dedicated follow through by the Department of Defense.

The President-elect's selection of General James Mattis to serve as Secretary is an encouraging sign in this regard, but there are dozens of senior civilian and military nominations still to come, and it will be the job of this committee and the full Senate to provide advice and consent on these nominations. We will be watching closely to see what choices the next President makes.

I encourage the next President to be bold. We need innovators for the future, not imitators of the past. We need thinkers open to new ideas, not functionaries wedded to old ways. We need people who understand the bureaucracy but will not be captured by it. Put simply, to ensure the success of defense reform, we need reformers throughout the leadership of the Department of Defense.

Finally, our next President needs to repair the relationship between the executive and legislative branches. The constitutional mandate to provide for the common defense is one the President and the Congress share together. This is not a defect, but the design of our founders. To deter adversaries and defeat our enemies, fix our defense budget, and implement critical reforms on—to our defense enterprise, the executive and legislative branches must work together as coequals. We need our next President, our next Secretary of Defense, and those elected to the next Congress to uphold this essential constitutional principle. The American people and the men and women who serve in our Armed Forces deserve and expect nothing less.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Well, thank you very much, Mr. Chairman. Thank you for holding this very important hearing.

I also want to thank the witnesses for their participation, not only their participation, but their service in so many different capacities to the Nation over many, many years. Thank you all very much.

The most immediate threat to the safety of Americans at home and abroad still remains the Islamic State in Iraq and the Levant, or ISIL, and the remnants of al Qaeda. I recently returned from the region, where I met with our military commanders, diplomats, and senior political leaders. Militarily, ISIL is on the path to defeat in Iraq. The Iraqi Security Force, enabled by U.S. and coalition train, advise, and assist efforts, coupled with airstrikes, intelligence, and other support, are in the process of displacing ISIL from Mosul and are expected, in the coming months, to significantly disrupt the ability of ISIL to hold any key terrain within Iraq. Nevertheless, ISIL will likely continue to act as the subversive force in Iraq for the foreseeable future; and also, as the Chairman indicated, with the final capture of Mosul, that will start a political process in which the sectarian groups will vie for power, and that could be a decisive and critical theater arena of action in Iraq.

In Syria, isolation operations around Raqqa have commenced, but the task of supporting forces on the ground who will ultimately enter, clear, and hold Raqqa is months away. Unlike Iraq, we have

no partner in Syria for humanitarian, stabilization, and reconstruction efforts. Even after Raqqa is retaken, the security situation will remain extremely difficult as the remnants of ISIL seek refuge in the largely ungoverned areas of eastern Syria along the Euphrates River as the broader Syrian civil war is likely to rage on.

I also recently visited Afghanistan, where political tensions between President Ghani and Chief Executive Officer Abdullah appear to be receding as the 2016 traditional fighting season comes to a close. Our commander in Afghanistan, General Nicholson, recently described the conflict between the Afghan government and the Taliban as, in his words, "an equilibrium in favor of the government because they are controlling the majority of the population."

Decisions earlier this year by the President to maintain approximately 8400 U.S. troops in Afghanistan into 2017 and to provide robust support to the Afghan national defense and security forces has laid the foundation for a sustainable U.S. and international security presence in Afghanistan. The decision also sent an important message to Afghans, the Taliban, and others in the region, including Pakistan, regarding the commitment of the United States to continue progress in Afghanistan. Assuming the continued support of the Afghan government and the support of its people, I hope the next administration will follow a conditions-based approach to U.S. presence in Afghanistan that provides flexibility on the number of military personnel deployed in support of our longer-term strategy there.

Over the past few months, the implementation of the Joint Comprehensive Plan of Action, the JCPOA, has largely proceeded as planned. While the JCPOA is having its intended impact in the nuclear arena, Iran's behavior with respect to its proxy forces across the region has not improved, and, as I discussed during my recent visit with the commander of our naval forces in the Middle East, Iran's unsafe and unprofessional actions in the maritime arena continue. How the new administration chooses to proceed with respect to Iran will be an important decision. It is critical that we need cede space or territory to Iranian influence, but it's similarly critical that we not take actions that escalate tensions unnecessarily and can be blamed on the United States. For example, as many experts have pointed out, the likely result of the U.S. unilaterally withdrawing from the JCPOA would be a resumption of the Iranian nuclear program without the ability to reimpose effective sanctions, which rely on enforcement by our partners around the world.

In Europe, we continue to be a witness to a number of destabilizing factors, including adversarial actions by Russia, acts of terrorism, and sustained refugee and migrant flows. Such instability is acutely on display in Ukraine, where Russian-based separatists commit daily cease-fire violations with seemingly endless resupply from Russia, and disinformation campaigns continue to undermine public confidence in Ukrainian government institutions. This confluence of destabilizing factors makes the multinational effort underway to strengthen Ukraine's capability to defend itself and to decrease corruption, increase accountability, and reform institutional structures all the more important.

In the Pacific, China has alarmed its neighbors in the South China Sea by militarizing land features in a body of water that is critical for trade and regional peace, and refusing to acknowledge the international norms and laws that govern those waters.

In Korea—North Korea—Kim Jung-un continues to destabilize the Korean Peninsula with nuclear ballistic missile developments, and sanctions are not working as effectively as they should to bring the North Koreans to the negotiating table. Regimes as authoritarian and insulated as North Korea's are brittle and prone to collapse. How we would deal with such a collapse and the security and humanitarian problems that would ensue is an ongoing debate and challenge to U.S. Forces Korea and the PACOM [United States Pacific Command] Commander.

Finally, defense budgets should be based on a long-term military strategy, which requires the Department to focus at least 5 years into the future. Last year, Congress passed the 2015 Bipartisan Budget Act, or BBA, which established the discretionary funding levels for defense spending for fiscal years 2016 and 2017. While the BBA provided the Department with budget stability in the near term, there is no budget agreement for fiscal year 2018 and beyond. Therefore, without another bipartisan agreement that provides relief from sequestration, the military services will be forced to adhere to the sequestration-level budget caps and could undermine the investments made to rebuild readiness and modernize platforms and equipment.

Again, Mr. Chairman, thank you for this important hearing.

Chairman MCCAIN. I thank you.

I thank the witnesses.

General Keane, given your advanced age, we will begin with you.

STATEMENT OF GENERAL JOHN M. KEANE, USA (RET.), CHAIRMAN, INSTITUTE FOR THE STUDY OF WAR, AND FORMER VICE CHIEF OF STAFF OF THE ARMY

General KEANE. Thank you, Mr. Chairman. Love that introduction.

[Laughter.]

General KEANE. Good morning, everyone. Listen, I'm delighted to be here with Dr. Kagan and—my good friend. Let me just say something about Dr. Kagan, here, and his family. His father, himself, his wife, his brother, and his sister-in-law all——

Chairman MCCAIN. All have exceeded——

General KEANE.—make a great contribution——

Chairman MCCAIN.—exceeded his——

General KEANE.—to this country, believe me.

Mr. Brimley, as well, thank you to be here.

Chairman McCain, Ranking Member Reed, and distinguished members of the committee, thank you for inviting me once again.

Listen, I so appreciate what this committee has done through the years in taking care of our men and women in the Armed Forces. Just let me say straight out, my congratulations to the committee and to your leadership, Senators McCain and Reed, for your seminal achievement with the FY17 NDAA [National Defense Auhtorization Act]. We've not had such a critical transformational piece of defense legislation in 30 years, not since Goldwater-Nichols

in 1986. You've stopped the drawdown of our ground forces, particularly the Army, who's borne the brunt of 15 years of war. They're still doing heavy lifting around the world. You know, it was the Army who was asked to reduce its force structure to pay for the needs of the other Departments. Makes no sense whatsoever.

I applaud your bold reforms on defense acquisition, military healthcare, security cooperation, and the reduction of flag officer and SES billets—I know you will eventually get around to compensation, which is in dire need— and, of course, the much needed increase of funding to depleted readiness accounts.

Let me summarize what you have in front of you with my written statement, which has an unusual amount of verbosity in it, but, given the subject matter was so important, I decided to write a little bit more than I usually do. Let's start with the defense challenges.

You know as well as I do, there's a lot more that we have to—done here. You have made an incredible first start with the FY17 NDAA, but we have major capability gaps, and we've got serious funding issues. The BCA has to end. We can't do anything if that continues. We can't get out our hole, and it's going to put us in a worse hole.

It's—you know, it's not sufficient, you know, to be the best military in the world. Certainly, we take pride in that, as we rightfully should. We've—we spend more money than many other nations do if you add them all up, by comparison, in defense. What is really needed is, we have to be so superior in our capability that our adversaries are not willing to challenge us. The reason is because we're a credible deterrent. We had that for many years in the Cold War. We were, indeed, a credible deterrent. I believe that deterrence, with other issues, helped to force the collapse of the Soviet Union.

So, since that time, we've had two and a half decades since the end of the Cold War, and—which has been reasonably successful, in terms of foreign policy and national security. I don't dispute that. With some exceptions. We have been continuously decrementing the United States military during that whole period of time. Our adversaries are closing the technology gap. They are catching up.

We are ill-prepared, as we sit here today, to meet all the threats that we're facing. I don't make that statement lightly. You've had a Chief of Service come in here—[General Mark A.] Milley, straight talker—tell you, in no uncertain words, that he's at high military risk to win a conventional war. Now, that didn't get a headline in any newspaper, it didn't even cause a stir with the administration. We haven't had a service chief make a statement like that in 40 years. Other service chiefs could make the same statement. The Air Force, they've got a 1947 air force, in size. They've got 60-percent-plus combat aircraft than what we used to have when we began the decline. Sixty-plus percent. The Navy—you know, you're aware of it—they've got 270 hulls, and they're going to 308. The 270, as part of that, they're going to retire more ships than they can replace during the timeframe to get to the 308. They've gone through a 50-percent-plus reduction during this two-and-a-half-decade decline. If you look at it in spending dollars, constant dollars, we're spending

about the same amount of money that we did three decades ago, but we're considerably smaller. We've got so—less to show for it. So, we've got to fix the shortfall. The reality is, we need more combat brigades. The reality is, we need more ships. The reality is, we need more aircraft. It's indisputable.

The technology gap, it's closing, and closed. Precision-guided munitions, space-based technology, stealth, offensive and defense missiles, long-range artillery, they're all there. That capability exists in our adversaries.

Russia and China, they have a brilliant strategy. They're not stupid. They've got an asymmetric strategy to minimize the great-power advantage that we have in our air and maritime capability. So, what have they done? They've made long-range anti-ship missiles, and they've made long-range anti-aircraft missiles. Those things matter. They've deployed them in eastern China. That's a major challenge for us. They've deployed them in western Russia, and it's also a major challenge for us.

Russia's got a new tank. It's a T–14 Armata. The crew is no longer in a turret. The first time that's ever happened. It's in the main body. They're in a special protected capsule. It has advanced reactive armor, second generation, on it that we believe—we don't know for sure—but our main tank sabot round, long penetrator, it'll stop it. It also has active protective system on it, their second generation. The United States has not fielded a single Active Protective System on a tank yet, or any other combat vehicle. Your committee has mandated they do it. You put some money in there for them to do it.

Now, listen, if you don't know what Active Protective System is, let me take you through it for a second. You put sensors on a vehicle that track an incoming round to the vehicle, and, as the vehicle—as the round is about to hit the vehicle, you actually have a kill system on the vehicle that kills the round before it hits. Brilliant technology. Where do we get all of that from? Private sector. It has to do with microchip technology and incredible software programs. Out there on the private sector, smart guys, small business guys got it. DARPA [Defense Advanced Research Projects Agency] had a program, over 10 years ago, to look at this. Technology's proven, and the United States military ground forces still haven't put it on anything. What's wrong with that? It has nothing to do with money. It doesn't have anything to do with the White House. It doesn't have anything to do with Congress. Doesn't, I mean, have anything to do with OSD [Office of the Secretary of Defense]. You know what it is? It's the damn bureaucracy inside the Army. They push back on new technology, because they want to design it themselves because you give them money to do it. These are the laboratories and the tech bases. It's the acquisition bureaucracy that stalls this.

When I was Vice Chief of Staff for the Army, I had no idea about all of that, and it took me a year or two to figure out what I was really dealing with, bureaucrats and technocrats that were stalling the advance of a great army. That's out there. You've got to bore into that with this committee. The military and Defense Department needs help to break down that bureaucracy.

Listen, some—all the service chiefs know what they want to do with their service, but allow me a little bit of allowance here, as an observer, to throw out a couple of tidbits. You know, for my Army, the Army that you're looking at is a 1980s Army. That's the equipment it's got. It hasn't had a new major end item since the 1980s. The Stryker vehicle was bought off-the-shelf. That's a legacy system out there. The problem is, they're 200,000 shorter—smaller than what the 1980 Army was. 200,000 smaller. If you have Active Protective System like I just said, and you can kill anything that comes at a tank, should we design a tank that looks different than what it is? Does it really have to be 70 tons? I don't think so.

So, the Army's got to do some thinking about where it's going. I—also, I believe it has to rethink its organization, how it fights, and go after the technology that is available, and press the R&D [research and development] community to get you the new technology that you can conceptually even think through yourself.

The Navy—lookit—what the Chinese have is serious, in terms of long-range anti-shipping. Long-range anti-ship missiles are here to stay. Nineteen ship surface carrier battle groups, does that still make sense in the face of that threat? They can put—they can swarm those missiles. They can bring them en masse against that carrier battle group that will really test our air defense systems. Doesn't it make sense to look at undersea warfare and take a look at all the functions that are taking place on the surface, and whatever functions on the surface we can do undersea, put it there. Why? You've got protection and you've got stealth. Seems to make sense. Some of this is cultural, to be sure, inside services. You know, these things are not easy. There are good people there. You can push it a little bit. Goldwater-Nichols changed the United States military. FY17 NDAA is going to do some of that, as well.

The Air Force—lookit, we know—we know it intuitively. It's obvious. It's right in front of us. Unmanned flight is here. It's here. We've got to get serious about it. If you put, in a remote station, a pilot and a multifunctional crew versus a single pilot or a dual pilot in the air, that is an enhanced airpower capability. That's here. We can do that. We've got to think about doing it.

I also think—and comes through our flag officers, it got at something that Senator McCain was saying—we've got to look for our flag officers who are not risk-averse, who themselves are not bureaucrats, and who have—they're willing to take risk and are innovative. The reason why they got that rank on their shoulder has nothing to do with cars, airplanes, and all them other stuff that goes with it. It all has to do about taking the rocks out of the rucksack of our soldiers and moving that system forward. We've got to get the best that we can to do that kind of work.

Let me just say that modernizing a military is challenging. We can do it, even though we're facing all these threats, as Senator McCain and Senator Reed took out. General Marshall, Admiral King, General LeMay, Admiral Rickover, General Abrams, they all met those challenges, and they transformed our land, air, and sea forces. They are the ones that are responsible for winning on the battlefield from Normandy to the Philippines and from Kuwait to Iraq.

Let me just say something about the DOD [Department of Defense] business side of the house. Certainly, we are the best fighting force in the world. We're first-rate at that. We're absolutely third-rate at running the businesslike functions of DOD, because we're not good at it. We don't know enough to be good at it. We're managing huge real estate portfolios, we're managing huge lodging capabilities. We're one of the great—biggest motel owners in the United States. We're managing the largest healthcare enterprise in the world. The amount of maintenance that we're doing, from a pistol to an aircraft carrier, is staggering. Those are all business functions. Business functions. They're all non-core functions. We're also managing new product design and new product development, using business terms. We don't do well at this. There's a ton of money involved in it. We've got to get after that money, and we've got to do better at it. I think we should bring in, as the number-two guy in the Department of Defense, a CEO [Chief Executive Officer] from a Fortune 500 company in the last 5 years that's done a major turnaround of a large organization. We need businesspeople to help us do this. We need a CFO [Chief Financial Officer], not a comptroller, in DOD. That CFO has the background that's necessary to look at business practices in the DOD, where cost is a—cost-based analysis and performance, internal control, auditing, rigorous financial reviews, cost efficiency, and dealing with waste. Those are the kind of things we need. Desperately need them, because the money is there. We want to—you want to do so much more. Some of that money is sitting right there in the budget.

You know as well as I do that these global security challenges we're—facing us are enormous. Senator McCain laid them all out. I won't go through them all. I'll just touch on a couple of things.

One is American leadership. That is where we have to start. American leadership is crucial and indispensable in this world to global security and stability. The world economy absolutely depends on that global stability and security. We need to reassure our allies that we're going to stand behind them. They don't trust us. They don't believe we're the reliable ally we used to be. If you travel the world, you're getting the same thing that I'm getting. This is real. They—as a result of it, they're making decisions based on that fear. Some of those decisions are not very good.

Radical Islam. We know it's a multigenerational problem of the 21st century. We know we have to name it, we have to define it, and we have to explain it to the American people. My God, if they're going to deal with this for the 21st century, we're going to have people killing them on some kind of episodic basis, they certainly need to understand a little bit about it, you would think, that we can explain what this is, what this ideology is, what are the signs, symbols, dress, and behavior and speech of those who radicalize themselves to it, so their eyes and ears can identify it and report it to somebody. Just makes sense, but we're not doing it.

The other thing is, we need to develop a comprehensive strategy, but we can't do that until we form a global alliance to push back against what is a global threat. We haven't done it.

ISIS [the Islamic State in Iraq and Syria]. ISIS is the most successful terrorist organization that's ever been put together. We're

making progress against them in Iraq, to be sure. We do not have an effective strategy to defeat them in Syria, because we don't have an effective ground force. We have no strategy to deal with the spread of ISIS to 35 other countries. I'm not suggesting for a minute that we're involved in all of that, but I think we can tangibly help the people who are. This administration's going to have to deal with, How do we defeat ISIS? Not just how we succeed in Iraq. I think they're going to ask for a comprehensive campaign plan to do it. I don't think there has been one, to be frank about it.

In Iraq, we will retake Mosul. How long will depend on how much ISIS wants to defeat—to resist. They didn't resist in Fallujah and Ramadi that much. After we take Mosul, if we have sectarian strife in Mosul, where we do not have unity of governance and unity of security, then that is going to contaminate the political unity in the country as a whole which is so desperately neeed. That is a major issue for us.

The major geopolitical issue for the United States in Iraq is political unity with that government and diminishing Iran's strategic influence on Iraq. That is what we should be working on. Frankly, we have not. We have not worked on that anywhere near as hard as we could be. We can't get the Secretary of State to make regular visits there to work on that very project. The Iranians are there all the time. That is a major issue for us. This administration's going to have decide, as the previous one did, Are we going to leave troops in Iraq? Yes? No? How much? What are they going to do? How long? Those are decisions in front of them. I would hope that we would avoid the disastrous pullout we did in 2011, which had incredible consequences, as we all know. The Syrian civil war, a major human catastrophe, to be sure, and as intractable a problem, I think, as any of us have had to deal with.

The reality is, we squandered the opportunities to change the momentum against the regime. I won't list them all. You're aware of it. Right in front of us, I still believe we could put safe zones in there to safeguard some of those humans up near the Jordanian and Turkish border. That, de facto, would be a no-fly zone. I think it would also aid the Syrian moderates, and likely attract some others to that movement. Many of the people that were helping the Syrian moderates, the Islamists, moved way when we did not execute the 2013 chemical redline.

Chairman MCCAIN. General, we're going to have to——

General KEANE. Okay, I'll wrap it up.

Afghanistan. Let me just say, the war is not winnable under the current policy. We cannot win. That's the reality of it. We've got sanctuaries in Pakistan. No insurgency's ever been defeated with sanctuaries outside the conflict area. Pakistani and Afghan National Security Forces do not have the enablers they need to be able to overcome the Taliban, who have resurged. There's ways we can deal with that, to be sure. I'll take it on in questions-and-answers.

With Russia and China, I'll just tell you that my view is strength and resolve in dealing with both of them. They would recognize that. I truly believe that Russia's aggression needs to be stopped. Credible deterrence is the way to do it. The resolve in that deter-

rence. Russia certainly wants to be an equal partner with the United States to be on the world stage. Grant them that. We should make no concessions to them until they change their behavior.

I'll just stop right there, Mr. Chairman, and I'll take your questions later.

Thank you.

[The prepared statement of General Keane follows:]

PREPARED STATEMENT BY GENERAL JOHN M. KEANE, USA (RET)

Chairman McCain, ranking member Reed and distinguished members of the committee thank you for inviting me once again to provide testimony on our major defense issues and global security challenges.

Let me say, straight out, my congratulations to the committee and to your leadership, Senators McCain and Reed for your seminal achievement with the FY 17 NDAA. We have not had such a critical transformational piece of defense legislation in 30 years since the passage of Goldwater-Nichols in 1986. You have stopped the drawdown of our ground forces, particularly, the Army who has borne the brunt of 15 years of war, is still doing heavy lifting around the world, yet, it was the Army who was asked to reduce its force structure to pay for needs in the other departments. Makes no sense. I applaud your bold reforms on defense acquisition, military healthcare, security cooperation and the reduction of flag officer and SES billets. Of course the much needed increase of funding to depleted readiness accounts.

DEFENSE CHALLENGES:

It will take the help of the new President and the new Congress to complete what you have begun because there are major capability gaps and serious funding issues remaining. The Budget Control Act (sequestration) must be ended. Frankly, it's not sufficient to be the best military in the world, or to spend more money on defense than the next five or so militaries combined, what is critical is that the US military is so superior in capability that our adversaries are unwilling to challenge us because we are such a credible deterrent. We achieved this during the Cold War and it was a factor in the Soviet Union collapse. Regrettably, this superiority is dangerously eroding. Over the course of the past 2 ‡ decades since the end of the Cold War, the capacity of US armed forces has been continuously decremented and coupled with the rapid closing of the military superiority gap by potential adversaries, the US military is ill prepared to meet the many and various security challenges it faces around the world today and in the future. Readiness is down across the board in all the services with pilot training, safety and aircraft maintenance reaching critical levels. The Army Chief of Staff, General Milley, known for straight-talk, in testimony before this committee told you that because only one third of his combat units were ready for combat, that the Army is at "high risk" for winning a conventional war. We have not had a service chief make a statement like that in 40 years. Other service chiefs could make similar statements. As you know, we have the smallest Air Force since 1947, and a 270 hull Navy, while moving to 308 ships, the Navy will be retiring ships faster than they can be replaced. In constant dollars we are spending about the same on defense as we did almost 3 decades ago. Alarmingly, for today's defense budget we are fielding 35% fewer combat brigades, 53% fewer combat ships, 63% fewer combat aircraft squadrons along with a dramatic increase in overhead not directly related to war fighting combat power.

The technology advantages that were enjoyed from the end of the Cold War are closing rapidly and in many cases have closed: precision guided munitions, space-based technology, stealth, offensive and defensive missiles, long range rocket artillery and ground warfare. Our revisionist adversaries Russia, China and to a lesser degree North Korea and Iran are developing asymmetric capabilities to minimize the air and sea power technology advantage we have enjoyed for years by fielding significant long range anti-shipping and anti-aircraft missile capability. These forces are forward deployed in Eastern China challenging western Pacific access and Western Russia at Kaliningrad challenging Baltic Sea access. The Russians who are fielding a revolutionary tank, the T14, Armata, the first ever, no crew in the turret (they are in a protective capsule in the forward main body), has an improved gun system, and has their 2nd generation active protection system (APS). The Israelis launched an Armor brigade, their very best, to conduct an approach march from West to East Gaza, during the last conflict in 2014, with APS on each combat vehi-

cle in order to destroy the rockets/missile infrastructure that they could not accomplish with air power. They rode through a gauntlet of sophisticated, anti-tank systems and did not lose a single vehicle, due primarily to APS.

The US Army has not fielded a single combat vehicle with APS, (although with your mandate and funding they will begin soon) despite that the US defense industry has had this proven technology for over 10 years, which was a DARPA initiative. While funding is usually an issue with new technology this is not a funding issue nor is it the White House, the Congress, or OSD, this is the Army's acquisition system, their labs and tech base, who steadfastly pushed back on this technology preferring in-house design as part of a risk averse culture to new, outside technology. Thank you to this committee and the Congress at large in seeking acquisition and innocation reform which demands not only major organization and systemic changes but a fundamental cultural change in accepting risk and failure as part of the innovation process.

Given the challenges our adversaries are presenting and the decades of military decline in capability, we now must fix it, but we cannot rely on the much maligned acquisition system to get us there. This must be an urgent, high priority effort and your directed changes help: service chiefs back in the acquisition process to help drive it, separating out the research and development function at OSD (they are the future), rapid prototyping to dramatically accelerate production of what works, trial and error experimentation and accepting that failure is an answer and not a necessarily bad answer.

The service chiefs certainly know what future capability they desire but it's also appropriate for others to make observations that at times seem quite obvious. A few tidbits of my own:

a. The joint force is how we fight and while our success is technology dependent equally important are adaptable, flexible JT force organizations that can react to the unexpected and are grounded in up to date doctrine that truly advantages our technology.
b. The ground force today is essentially organized and equipped as it was in the 1980s, yet considerably smaller (Army 200K less). Furthermore enabling forces like artillery, armored reconnaissance, engineers, air defense, theater support, etc. have been reduced to levels that compromise our ground force ability to field campaign quality forces. Our ground force is not in balance and they must rethink their organization, doctrine and put together a modernization program that moves away from the 1980 legacy systems and embrace advance technology that is available and push the R&D hard for new technology.
c. The Navy battle formations are vulnerable to long range anti-shipping missiles which can be sent en masse, challenging the best of our air defenses. Doesn't it make sense to embrace the reality that the undersea affords our combat power significant protection and stealth and therefore charge our fleet design around the principle that whatever is on the surface as to capabilities that can be accomplished under the sea, we should get on with it, and therefore redesign our fleet? Don't we need to move from the large aircraft carrier to smaller platforms yet more of them to give us some redundancy and flexibility?
d. The time is here to recognize that the future of air power is unmanned. It's not a technology issue, it's largely about culture. A pilot with a multi-functional team at a remote station is an enhanced air power capability.

Modernizing while supporting significant operational demands is not easy, but it has been done before. Leaders like General Marshall, Admiral King, General LeMay, Admiral Rickover and General Abrams transformed our land, sea and air forces before in periods of great challenge. Their efforts fielded trained, disciplined and modernized formations that won on battlefields from Normandy to the Philippines, from Kuwait to Iraq.

The Defense Department capability to fight is second to none, as the record speaks for itself, but its ability to manage effectively the business like functions of the DoD are, at best, third rate. In as much as DoD is not a business, it does have vast business-like functions that it must manage; real estate (housing, barracks, maintenance facilities, warehouses, training areas, ship yards, airfields), lodging (transient and guest quarters), utilities (power plants, electrical grids, water treatment facilities), new product development and production (research, development and acquisition) maintenance (from a pistol to an aircraft carrier) and the largest healthcare enterprise in the world. Much of these non-warfighting functions lend themselves to major reform as public-private partnerships (PPP) similar to the highly successful PPP, the Army residential initiative, or RCI, which led to the transformation of 88,000 Army units. Quality of life and family satisfaction rose exponentially while cost and maintenance were driven down.

The new Secretary of Defense should consider appointing as his deputy a successful Fortune 500 CEO who has executed a turnaround of a large business in the last 5 years. The comptroller should no longer be someone that simply has knowledge of the DoD federal budget and programming process but rather is a major corporate CFO, who should be the DoD CFO, therefore understands rigorous financial review, cost basis analysis, auditing, internal reporting, cost controls and holding the organization accountable for financial efficiency as well as waste.

GLOBAL SECURITY CHALLENGES:

Our new President and his national security team will be confronting global security challenges on a scale not seen since the rise of the Soviet Union to super-power status following WWII. Radical Islam is morphing into a global jihad; ISIS is the most successful terrorist organization in history despite losing major territory in Iraq, it has expanded into 35 countries and is motivating followers to kill their fellow citizens around the world; Al Qaeda is a thriving revitalized organization; the Taliban control more territory in Afghanistan than at any time since the successful invasion of 2001; revisionist powers Russia, China and Iran are seeking some form of regional domination; North Korea is a rogue nation with an unsteady leader who is building a nuclear and ballistic missile arsenal and threatening to use it; and advanced adversarial states are conducting cyber attacks and espionage activities at exploding levels in stealing intellectual property, technology and critical information.

What makes this such a dangerous situation is that unlike previous security challenges, the US today is failing miserably to adequately meet these threats, so much so that our adversaries are emboldened and our friends and allies no longer trust us.

WHAT CAN BE DONE:

1. *American Leadership*—Recognize that American leadership is crucial and indispensable to global stability and security which is so vital for a progressive and growing world economy. Without strong American leadership the world becomes a more dangerous place. As such, we should reassure our allies that the US will stand with them against regional aggression and help them organize to meet the challenges of radical Islam.

   Also, it is critical that our allies are not simply relying on the US defense umbrella but are tangibly contributing to their own local and regional defense while investing their fair share.

2. *Radical Islam*—must not simply be *named* as a political and religious ideology fighting a war within a great religion, which does not mean that the US is at war with Islam, but radical Islam must also be *defined* and *explained* so that the American people can be informed and educated. As such they can better understand why this is the multi-generational security challenge of the 21st century and equally important for the American people, who are our eyes and ears, in how to recognize the dress, behavior and speech of a radicalized Islamist terrorist who is living among us. Similar to the communist ideological threat where the US helped craft a strategy and organize a regional political and military alliance, we must now form a global alliance and develop a comprehensive strategy to defeat the movement and its ideology.

3. *ISIS: Iraq/Syria and the World Beyond*—

   —*Overall*—First and foremost the POTUS as CINC needs an assessment of the current situation, future plans and if the desired end state is less than satisfactory then what will be needed is a comprehensive campaign plan to defeat ISIS, not simply in Iraq and Syria but a strategy as well for the 35 countries where ISIS has expanded , particularly with its external terrorist network.

   —*Iraq*—The military campaign led by Iraq and supported by the US will eventually succeed in retaking Mosul. How long it will take depends on ISIS desire to resist. They eventually abandoned Fallujah and Ramadi after initially resisting. How Mosul ends is very important because if it winds up in sectarian strife and there is no unity in governance and security after, then it will contaminate any chance of political unity in Iraq, at large, which is as significant to success as the military campaign. US policy should be all-in on its focus for political unification in Iraq and diminishing Iranian influence which has grown exponentially at US expense since Iraq was abandoned politically in 2009 and militarily in 2011. Iraq is a country of consequence in the region with wealth, an educated class of people, and a huge potential for

political and economic progress. US policy must counter the Iranian desire that Iraq remain a weak, but stable country, and allied with Iran as part of its strategic objective to dominate the Middle East region. Our diplomatic effort to date has been feeble with the Secretary of State rarely visiting the country and not surprising, as a result, a lack of focus in achieving our strategic political objectives. The new administration will face near term decisions of withdrawing or keeping U.S. forces in Iraq and, if so, how many will stay, how long and for what mission. Certainly if we have learned anything after the disastrous 2011 pull out, is that US forces are a stabilizing factor that not only impacts security but the vital issue of political growth and unity. Post WWII Europe and Japan, South Korea after the Korean War, Bosnia-Herzegovina and Kosovo are vivid examples.

—*Syria*—There is no effective plan to defeat ISIS in Syria as there is not a capable ground force. The Syrian Arabs and Kurds assisted by US SOF is simply not sufficient. The CINC must be presented with alternative ground force options which includes neighboring countries, NATO and the US along with the associated risk.

—*ISIS beyond Iraq and Syria*—With ISIS in 35 countries as part of its external terrorist network, the US and our allies should assist these countries where needed with intelligence, training and technology.

4. *Syrian Civil War*—A frustrating calamity and a growing human catastrophe where so many opportunities to at least try to change the momentum against the Assad regime were squandered. No one has seriously proposed a military solution to the Syrian civil war, although a military victory in a civil war is not without its historical precedence. What was proposed by national security team key leaders and by analysts outside the administration were limited military options that could change the momentum against the regime and force a political solution. Clearly some of these options are not as viable now with the Russian incursion and increased Iranian assistance. However to continue to simply negotiate when all the opposition parties are not at the table and the Russians and Iranians or not serious, is futile. The U.S has no leverage in the negotiations, particularly, as Russian and Syrian air power focuses on destroying US backed and other moderate opposition forces. It was a major policy failure to permit Russian airpower to bomb the Syrian opposition forces the CIA was directly assisting. We warned the Russians not to bomb but they did it anyway.

   They should have been told if they did bomb US backed Syrian forces, then the US would reply in kind and bomb the Russian backed Syrian forces, particularly their air power. I still believe that establishing safe zones inside Syria near the Turkish and Jordanian borders is a credible option. It would be a major morale boost for the Syrian opposition and enhance the role and support of the Syrian moderate opposition groups with other groups, to say nothing of the tens of thousands of Syrian civilians who will be protected.

5. *Afghanistan*—After 15 years the war is not winnable. The security situation is worsening and as such the government of Afghanistan is getting weaker. While there are many Afghan issues that contribute to the current situation, it is critical to understand how US policy contributed to the current outcome if we are to turn it around.

   a. When the Bush administration decided to go to war in Iraq in December '01, after the successful invasion of Afghanistan in November, Afghanistan became an economy of force effort, with the minimum military resources applied. As such, the Afghan security forces were not developed fully, the Taliban reemerged in 2004/2005 and no increase in force levels occurred until 2008 when President Bush was able to deploy additional forces that year because of the availability of forces due to the military success in Iraq.

   b. In 2009, faced with a still worsening security situation, President Obama decided to employ a counter—insurgency strategy that was successful in Iraq and escalate the forces required. However, he did not provide the recommended forces that Generals McChrystal and Petraeus requested as the minimum force to defeat the Taliban. The POTUS cut the force request by 25% and decided to withdraw the same forces in 15 months regardless of the situation on the ground. At this decision point, Afghanistan was doomed to a protracted war. All US combat forces were withdrawn eventually by 2015.

   c. Two Taliban sanctuaries exist in Pakistan where the Pakistan military provides intelligence, training, and logistics assistance to enhance the Taliban

operational performance while providing continuous safe haven. No insurgency has ever been defeated while it maintains sanctuary outside the conflict area.

We are in this current situation largely because the war in Iraq itself became protracted and much needed forces could not be applied to Afghanistan, US ground forces, particularly the Army is too small to fight two counter insurgencies simultaneously, and the Obama policy was not to win the war but to end US involvement. The new administration must call for a political and security assessment and face the harsh realities of possibly squandering 15 years of US combat in Afghanistan in a war not winnable. What's required is a new strategy with a commitment to force the elimination of sanctuaries in Pakistan and a commitment to provide to the ANSFs the enablers they need to turn the momentum: intelligence, attack helicopters, strike fighter support, medevac, anti-IED capabilities, much needed logistics and increased CT Special Operations Forces. Without an on-the-ground assessment, I honestly cannot tell you if that is sufficient, how many additional troops are required to support those functions and for how long. I do know this, without the US and Afghan resolve to win, we never will.

6. *Russia*—The US once again faces the need to prepare for great power competition and confrontation. Russian aggression along the eastern and southern front of NATO presents military challenges to European security not seen in decades. Russia desires to be a global power operating with considerable influence on the world stage. As such Putin wants to be treated as an equal with the US. Our basic strategy in dealing with Russia should be through strength and resolve. Rebuilding the military, closing capability gaps, moving beyond a troop trip wire in Eastern Europe are major factors in a credible deterrence. Deterrence is not achievable simply with enhanced capabilities, your adversary must believe you intend to use it. Putin has known for several years now that the US is paralyzed by the fear of adverse consequences and therefore he is quite emboldened. That must change. Of course the US should continue to dialogue with Putin but US concessions should not be on the table as a condition for better relations as the Obama administration did with the "reset" strategy in giving up missile defense systems in Eastern Europe. The result, no reset, but increased Russian aggression in Crimea, Eastern Ukraine, Syria and provocations in the Baltics. For progress in US / Russia relations we can try to find common interests but Russia's aggressive behavior toward US allies must stop. That must be the US condition for an improved relationship.
7. *Iran*—The Islamic Republic of Iran is totally committed to their number one strategic objective: to dominate and control the Middle East by spreading the Islamic Revolution. They regard the US as their enemy and the major impediment to achieving this objective. US strategic policy toward Iran should be to counter their number one goal in concert with our allies. They will continue to use proxy fighters and terrorists and provocations against US capabilities to humiliate the US in order to weaken the relationship between the US and our regional allies. We should counter these activities to strengthen not weaken our commitment to our allies. Adverse aggressive Iranian behavior that violates UN sanctions, the nuclear deal or the international order should not be tolerated. Action should be taken beginning with sanctions and escalating as needed. It is likely as the US and allies express a resolve and intent to thwart Iran's strategic goals that they may indeed terminate the nuclear deal. If they do not the US should not terminate until such time as they begin to cheat as we know they will if they are not already. Tough, demanding inspections and priority targeting by US and allied intelligence services is crucial to effective monitoring of the nuclear deal. It was Iranian informants who gave up the secret underground nuclear sites in Fordow. It's just a matter of time.
8. *China*—The most important bi-lateral relationship of the 21st century. Two economic giants who have global interests in the world economy, expanding trade, stimulating the economic growth of developing countries while insuring the global commons continues to be a major pathway for enhancing stability, security and economic well being. The Chinese have become hard-core capitalists and their outreach to every region of the world is staggering. Their global investment portfolio is beyond anything the world has seen.

   All that said, what is clear is that China desires to dominate and influence the Pacific in a way that the U.S. has done for 70 years after WWII. The thought that China had only a defensive military strategy is no longer the situation. China is projecting military power into the South China Sea by establishing forward military bases and capabilities as part of a strategy to enhance their influence over the countries in the region as well as the global commons.

> The US also has valid interests in the region as an ally to every Pacific nation. Our allies doubt our resolve given the US selective disengagement policy and it is critical for the new administration to be clear with China about US Pacific interests and that we will go and come as we please and that we intend to back our allies' self interest. Avoiding confrontation is desirable, certainly, but at times, may not be avoidable. We cannot let our desire to avoid confrontation lead us to a point of concession and weakness. The US has many shared economic and environmental interests that can be pursued in enhancing the Pacific Asia economy and quality of life but these interests should always be pursued from a position of strength and resolve.

In closing, the complexity of the global security challenges the US is facing cannot be over stated, they are diverse, formidable and dangerous. The FY 17 NDAA is attempting to begin to stop the precipitous multi-decade decline of the US military which drove by necessity the strategy change from the ability to wage two major regional conflicts to something far less. Sadly to demonstrate how far we have fallen, we could not fight two low tech ground insurgencies, void of air and naval power, in Iraq and Afghanistan simultaneously. We fought them sequentially, a reality from which we have not recovered.

President-elect Trump must return American leadership to meet these global challenges and do so in cooperation with our allies. His national security team as priority one must develop a comprehensive national security strategy which is threat and national interest based. It should see the world as it truly is, based on honest, straight forward assessments. As such it should be the foundation for US foreign policy and US defense strategy. DoD defense strategy must drive force sizing and force capabilities. Not the budget or available funding. DoD also must responsibly make tough choices on priorities because there never are unlimited resources. A strong military force is essential to maintaining the credibility of President-elect Trump's foreign policy. The existence of sufficient, capable and ready military forces combined with a credible intent to use them, when our national security interests are at stake, serves to prevent war and confrontation. Much must be done to rebuild the US armed forces and this committee as well as the House Armed Services is critical for success.

Thank you and I look forward to your questions.

Chairman MCCAIN. Mr. Brimley.

STATEMENT OF SHAWN BRIMLEY, EXECUTIVE VICE PRESIDENT AND DIRECTOR OF STUDIES, THE CENTER FOR A NEW AMERICAN SECURITY

Mr. BRIMLEY. Thank you, Chairman McCain, Senator Reed, members of the committee. I'm honored to testify before you again, and have the distinct feeling of being out of place again as I sit next to titans like Robert Kagan and General Keane, two men I greatly admire.

President-elect Donald Trump will take office next January and shoulder the formidable burden of a complex national security inheritance, which I'll summarize briefly right now.

The wars in Iraq and Afghanistan, as you know, remain incredibly complex. Although President Obama deserves credit, in my mind, for undertaking the significant surge of combat forces into Afghanistan 2009, the difficulty in supporting Afghan Security Forces was complicated by the public timelines for withdrawal. In Iraq, I believe the reduction of forces between 2009–2012 was far too steep, making it difficult for the U.S. to retain adequate leverage over the sectarianism of the government in Baghdad, which, in turn, enabled the rise of the Islamic State and the rapid advances in both Iraq and Syria. While I largely agree with the parameters of the operational approach in countering ISIL on the ground in Iraq and Syria—for instance, airpower, Special Operations forces, and combat advisors, of which I think we could do more—the ultimate question of how to deal with Bashar al-Assad remains unan-

swered, and Russia's involvement and support of the barbarism we're seeing every day in places like Aleppo is horrifying. We ought to do more to stop it.

I am concerned, but not particularly surprised, by the behavior of Russia and China. Vladimir Putin is no friend of the United States, and he clearly sees the long arc of history bending against the maintenance of an extensive Russian sphere of influence that acts as a break on democracy, civil society, and full economic integration—or integration with a wider Europe, and a global liberal economic order. The unlawful incursion of Russia into Ukraine should not be legitimized by the United States, and ongoing steps to shore up our deterrence posture in the region ought to be sustained and increased, and increased soon.

China's behavior, in my mind, is perhaps the most consequential, in terms of its lasting impact on the global order. China's aggressive behavior towards its neighbors, and, in particular, its rapid land reclamation efforts in the South China Sea, are destabilizing. The eventual placement—and I think it will happen—of military platforms on these so-called "islands," things like antiship cruise missiles, advanced air defense systems, and the like, would further upset the military balance of power in the region, which I think would dramatically risk escalation and miscalculation and conflict. DOD has a significant role to play in enhancing our military posture in the region, and I hope the Trump administration will quickly do so. The predictable provocation from North Korea, I should add, will come soon, as well. I believe urgency is important in this regard.

From the perspective of the Secretary of Defense tasked to oversee the development, sustainment, and employment of U.S. military forces, it is clear that our vaunted military technological edge that has allowed our men and women in uniform to deploy rapidly around the world and engage our adversaries with unrivaled speed, precision, and staying power, has begun to erode. We've seen this over the last few years, for sure. I worry that our edge is eroding to the point where the task of maintaining conventional deterrence in key theaters around the world is becoming difficult—more difficult, more expensive, and more risky to our men and women in uniform. Moreover, the era of tight defense budgets and the disaster of sequestration, as you know, has made it very difficult for the Pentagon to keep investing in game-changing defense technologies and to properly enable a culture of experimentation and exercising that can advance new concepts of operation and displace old and outdated ways of keeping our forces on the cutting edge. I sincerely hope that sequester caps can be eliminated and the Pentagon's defense budget can both increase and the uncertainty which has imperiled rational strategic and budgetary planning can finally be alleviated.

Finally, like General Keane, I would like to commend this committee and its staff for the work done in assembling an impressive conference report for the NDAA. Beyond the budget levels, the NDAA advances a comprehensive and important defense reform agenda that includes reforms in OSD, the number of general and flag officers, DOD's acquisition and healthcare systems, and adds important rationality to our security assistance architecture, which

is so vital for our defense strategy. These and other reforms must be implemented, and others initiated in the years to come, not only because they will save significant amounts of taxpayer money that will allow for investment in other important areas in the defense program, but they will make the Department more agile and more effective in supporting and advancing America's security interests around the world.

Thank you again for inviting me.

[The prepared statement of Mr. Brimley follows:]

Center for a New American Security

December 6, 2017

Testimony before the Senate Armed Services Committee
"Defense Challenges for the Next Administration"

Shawn Brimley, Executive Vice President & Director of Studies
Center for a New American Security

The National Security Inheritance

President-elect Donald Trump will take office in January 2017 and shoulder the formidable burden of a complex national security inheritance.

On the positive side of the ledger, justice was delivered to Osama bin Laden and many of Al Qaeda's top leadership. That accomplishment and the manner in which it was achieved should not be overlooked. President Obama's choice to follow through on his commitment to take out Bin Laden whenever and wherever he was found is something all American's should be proud of (and also what the operation signaled about the strength of our intelligence and special operations capabilities). Our alliances and partnerships in a rapidly changing Asia-Pacific are generally stronger and more resilient after the early attempts at the so-called 'Asia rebalance.' And while there are obvious difficulties in relations with China and Russia, the absence of outright conflict with these major powers is positive. Finally, the nuclear agreement with Iran, the details of which remain controversial and contested, has extended the timeline on which Tehran could achieve a nuclear weapon. These are achievements that the new administration should examine closely before they undertake major modifications.

On the negative side of the strategic ledger, the wars in Iraq and Afghanistan remain incredibly complex. Although President Obama deserves credit for undertaking the significant surge of combat forces into Afghanistan in 2009, the difficulty in supporting the Afghan security forces was complicated by the public timelines for a withdrawal. And irrespective of the arguments concerning the Status of Forces Agreement (SOFA) with Iraq negotiated at the end of the Bush administration, the reduction of forces from Iraq between 2009 and 2012 was too steep, making it difficult for the United States to retain adequate leverage over the sectarianism of the Baghdad government, which in turn enabled the rise of the Islamic state and their rapid advances in both Iraq and Syria. Finally, while I largely agree with the parameters of the operational approach in countering ISIL on the ground in Iraq and Syria (e.g. airpower, U.S. special operations forces, combat advisors), it took the administration too long to settle on a strategic approach and begin the campaign. All the while, the ultimate question as to how to deal with the question of Bashar al-Assad has remained unanswered, and Russia's involvement and support of the barbarism we see everyday in places like Aleppo is horrifying.

I am concerned, but not particularly surprised, by the behavior of Russia and China, both of whom are rational international actors who are pursuing their perceived interests. Vladimir Putin is no friend of the United States, and he clearly sees the long arc of history bending against the maintenance of an

extensive Russian sphere of influence that acts as a brake on democracy, civil society, and full economic integration with a wider Europe and a global liberal economic order. The unlawful incursion in Ukraine should not be legitimized by the United States and ongoing steps to shore up deterrence in the region ought to be sustained and increased. There is danger of escalation in the region, and the Trump administration would do well to focus on ways to maintain "peace through strength" quite early in 2017, perhaps by signaling a willingness to improve relations while simultaneously working to enhance our military posture in the region.

China"s behavior is perhaps the most consequential in terms of its potential lasting impact on the nature of the regional order over the longer term. China"s aggressive behavior toward its neighbors and, in particular, its rapid land reclamation efforts in the South China Sea, are destabilizing. The eventual placement of obviously anti-access military platforms on these "islands" " anti-ship cruise missiles, advanced air defense systems etc. " would further imperil the balance of military power and risk escalation and miscalculation.[1] The Department of Defense has a significant role to play in enhancing a military posture in the region that can deter and dissuade China from breaking apart decades of a security architecture that has kept the region relatively stable and prosperous.

Finally, from the broader strategic perspective of the Secretary of Defense, tasked to oversee the development, sustainment, and employment of U.S. military forces, it is clear that America"s days of being the sole superpower, free to exercise military power with relative impunity around the world, are numbered. Our military-technical edge that has allowed our men and women in uniform to deploy rapidly around the world and engage our adversaries with unrivaled speed, precision, and staying power has begun to erode to the point where the task of maintain conventional deterrence in key theatres around the world has become much more difficult, expensive, and risky. This has less to do with any particular decision made by the Obama administration over the last eight years, and more to do with the fundamental contours of the international economy and the rapid proliferation of advanced military technology around the world. Clearly, the era of tight defense budgets and the disaster of sequestration has made it very difficult for the Department of Defense (DOD) to keep investing in game-changing defense technologies and to enable a culture of experimentation and exercising that can advance new concepts of operation and displace old and outdated ways and means of keeping our forces on the cutting edge. These external and internal pressures on the Department of Defense are playing out in several important ways.

State of the Joint Force: Balancing Preparations for Today Versus Tomorrow

In almost any budget environment, defense leaders need to balance the competing imperatives of maintaining the force"s near-term readiness to ensure it has sufficient capacity for the scale and type of operations it may need to execute, and modernizing it to meet over-the-horizon challenges.[2] Exacerbating these otherwise routine choices are the constraints imposed by the Budget Control Act of 2011 and the annual budget uncertainty that has persisted since then, including the routine use of continuing resolutions to fund Defense Department activities. These budget dynamics have corroded

[1] See Thomas Shugart, "China"s Artificial Islands are Bigger (and a Bigger Deal) Than You Think," *War on the Rocks* (September 21, 2016): http://warontherocks.com/2016/09/chinas-artificial-islands-are-bigger-and-a-bigger-deal-than-you-think/.

[2] This section draws from an unpublished paper written with Loren Schulman of the Center for a New American Security (CNAS) and Melissa Dalton of the Center for Strategic and International Studies (CSIS).

responsible stewardship of the massive defense enterprise, and of military capabilities in particular. In general, the Department has managed these budget and operational risks by prioritizing the force's current readiness over maintaining its size and ensuring sufficient resources for modernization, though the precise balance among these variables differs by military service.

The incoming Pentagon team will need to make clear choices about how to balance among the readiness, structure, and modernization needs of today and those of tomorrow. Key near- and long-term challenges to the force are described below.

Readiness

Readiness is a critical concern for the military, given the threats the nation faces and the budget constraints imposed by the Budget Control Act. Currently, forces deployed overseas tend to be highly ready for their assigned missions. But at the end of their deployments, they require time and resources to reset, refit, and retrain, in order to regain their readiness for the next deployment. In addition, in light of an aggressive Russia and a rising China, both of whom are and will continue to test our resolve, forces need time to train for missions beyond counterinsurgency and counterterrorism in order to be prepared for the full spectrum of possible contingencies. The Joint Chiefs have repeatedly sounded alarms about an accumulating level of risk associated with the declining readiness of non-deployed forces. Insufficient readiness carries real risks, in terms of dollars, lives, and the ability to achieve key operational and strategic objectives on preferred timelines. There is a fear today that if a substantial crisis required additional forces to be sent abroad quickly, many of the responding units may not be fully manned, trained or equipped for the mission.

Force Size and Structure

All of the military services would like to grow their size—both the number of personnel (end-strength) and their formations and constituent platforms (e.g., ships, aircraft, tanks and other vehicles). Doing so under current budget constraints would come at the risk of readiness and modernization, however, and as such, the force has instead come down in size over the past five years. Absent a significant infusion of defense dollars, defense leaders will likely need to make the most of the force structure we have over the next five years. This will require significant innovation in Defense Department concepts of operation and creative approaches to maintaining overseas posture.

Modernization

Force modernization has typically suffered most severely in times of tight budgets. In some respects, this is a rational outcome: DoD must attend to the problems of today, so it bides time by accepting risk that may (or may not) materialize in the future. Nevertheless, given the pace of military modernization by China and, in some areas, Russia, the rapid proliferation of advanced technologies to other states and non-state actors, and the lengthy time and investment necessary to develop major capabilities, the Department's underinvestment in modernization is troubling. For instance, many of our most plausible adversaries now have access to satellite imagery, drone technology, and precision guided munitions that threaten U.S. forces. Unlike in decades past, most of this technology is openly available on the commercial market. In recent years, the Pentagon has begun to address these challenges by building bridges to Silicon Valley and other U.S. centers of innovation and by developing new warfighting concepts of operation and making targeted investments in cutting-edge technologies and capabilities. These efforts must continue, but if budget pressures continue it will be difficult to make room for these needed investments in defense innovation.

A compounding challenge within defense modernization is the so-called 'bow wave' of modernization bills coming due in the early 2020s. The bow wave is caused by a number of major programs that have their peak years of funding in the early 2020s, just outside the Department's five-year planning horizon (but notably inside the next administration's planning timeline). This bow wave is occurring because DoD has begun a number of development programs today in the hopes that the more substantial funds needed to acquire the resulting military platforms will appear tomorrow. By some estimates, in order to afford the fruits of the current defense program, funding for DoD's major acquisition programs will need to increase from $72.0 billion in FY 2015 to a peak of $88.6 billion in FY 2022, in constant 2016 dollars.[3]

The largest driver of the bow wave is Air Force aircraft modernization programs, particularly the F-35 fighter, B-21 bomber, and KC-46A aerial refueling tanker. Nuclear modernization is another area that will contribute to the bow wave, with investments planned to recapitalize the sea-, air-, and land-based legs of the Triad. The Obama Administration's FY 2017 request did not address the difficult tradeoffs required by the modernization bow wave; the next administration will need to set clear priorities that can inform decisions on potential tradeoffs, even if sequester caps are lifted.

The Force Development Balance by Service Component

Below is a description of the particular manifestation of these challenges in each military service as well as in the space and cyber domains.

Army

The Army has borne the brunt of 15 years of continuous American ground operations in Afghanistan, Iraq, and elsewhere. By far the largest service (comprising, by FY18, 450,000 active duty and 530,000 reserve and Guard troops), the Army is the most formidable ground combat force in the world. Today, there are approximately 190,000 soldiers deployed in over 140 countries. Although the Budget Control Act spending caps have created pressure to further reduce end strength, the threat environment—especially Russia's actions in Ukraine and Syria, the challenge posed by ISIS, and the DPRK's growing threat to stability on the Korean Peninsula—has heightened awareness of the need for increasingly capable and agile ground forces. Army leaders have consistently expressed deep concerns regarding readiness levels for current and future challenges. The Army also has major modernization needs, in particular its fleet of combat vehicles, upgrading its Blackhawk and Apache helicopters, and investing in more effective integrated air and missile defense systems to protect deployed ground units from potential adversaries with rapidly improving cyber, electronic warfare, and precision munitions capabilities.

Navy

The United States is a maritime nation highly dependent on secure sea lanes for trade and travel. Commercial maritime traffic has increased 400 percent since the early 1990s, significantly outpacing the global economy, which has almost doubled over the same period. After years of sustained operations, and with no end to demand likely on the horizon, the Navy's foremost challenge is to ensure the readiness of its existing fleet while investing in modernization and capacity for the future. Increasingly

[3] Assessment drawn from Todd Harrison, *Defense Modernization Plans Through the 2020s*, Center for Strategic and International Studies, January 2016. See also Todd Harrison, *Analysis of the FY17 Defense Budget*, CSIS, April 2016.

sophisticated adversaries are making investments that threaten the Navy's ability to project and sustain not just combat power but daily presence in contested maritime environments. The Navy must be present in and around increasingly contested maritime zones to deter adversaries, reassure allies and partners, and enforce the rules-based order while ensuring its long-term readiness to project and sustain combat power when needed. Deciding how best to balance these near- and long-term demands affects the composition of the fleet: should the Navy have a smaller structure of more expensive but highly capable and survivable platforms or a large structure of lower-end platforms that may not be survivable against a sophisticated adversary? This core question underlies several ongoing debates, including the type of unmanned systems the Navy should acquire, the basing and posture for naval forces, and of course the high-low mix of ships, aircraft, and submarines to pursue. Moreover, the Navy is currently modernizing the sea-based leg of the nuclear triad, with the Ohio-class nuclear submarine replacement program constituting a significant portion of the Navy's acquisition profile.

Marine Corps

The Marine Corps serves as the nation's "force in readiness." In practice this means that Marine Corps units are designed, trained, and equipped to be able to deploy quickly, engage adversaries, and sustain themselves for short to medium periods of time in austere combat environments. This provides the Commander-in-Chief options in crises around the world -- from humanitarian emergencies to major conventional conflicts. During the past years of budget pressure and uncertainty, the Marine Corps has protected the near-term operational readiness of its deploying units in order to meet operational commitments, but this poses risk. In particular, the acquisition of a new Amphibious Combat Vehicle and the modernization of its tactical aviation fleet with the F-35 are critical for future combat power and are at serious risk given current budget levels. Also worrisome is the reduction in operations and maintenance funding for several years in a row, which has forced USMC leaders to prioritize readiness for deploying forces while reducing training and facilities sustainment that are critical to sustaining a deeper bench to draw from in a major contingency.

Air Force

Over the past half-century, the United States has honed an unprecedented dominance in the air domain. But the accelerating proliferation of advanced air capabilities, recent budget pressures, and ongoing global operations have eroded the readiness of the current force and put at risk our prospects for a continued long-term advantage. The major challenge facing the Air Force is sustaining sufficient levels of modernization without compromising readiness for today's pace and scale of operations. The overwhelming majority of planned spending for U.S. air power is devoted to replacing the aging tactical fighter fleet through the acquisition of fifth-generation (stealthy) aircraft, most prominently the F-35 Joint Strike Fighter. There are three major areas that compete with the F-35 for Air Force investment. First are needed investments to confront adversaries in space, cyberspace and at long-range, including a new long-range strike bomber that can penetrate increasingly sophisticated air defense systems and the aerial refueling tanker. Second are key enablers, particularly intelligence, surveillance, and reconnaissance, needed to support continued global counterterrorism operations and advanced military campaigns in denied environments. Third is the need to modernize the bomber and ICBM legs of the nuclear triad, in addition to the broader nuclear command and control infrastructure.

Special Operations Forces

Over the past decade, SOF have been deployed at unprecedented rates, placing immense strain on the force. SOF cannot operate in large numbers or for long periods without enabling support from conventional forces, which is the case with ongoing operations today. Most leaders in the SOF

community do not support a large expansion of the force, as they fear doing so would both reduce the "special" element of SOF and, relatedly, would require reducing quality standards. A priority for the next administration must be to craft a more sustainable long-term counterterrorism strategy, and a major component of such a review should be an assessment of the impact on U.S. special operations forces. This includes assessing such issues as personnel recruitment and retention, command and control, global readiness, and deployment posture.

Cyber

DoD, with NSA as a combat support agency, is one of the ablest contributors to U.S. cyber capabilities. It also operates and must defend over 10,000 networks, which makes for one of the most significant network defense challenges in government. DoD has three cyber missions: defend defense networks, systems, and information; provide integrated cyber capabilities to support military operations and contingency plans; and defend the United States and its interests against cyberattacks of significant consequence. Maintaining a full spectrum of capabilities enables DoD to deter attacks and exploit vulnerabilities of adversaries where appropriate. In support of these missions, the Obama Administration made an explicit point of protecting the Cyber Mission Force and its related programs from budget cuts. DoD has also prioritized reaching out to Silicon Valley to build partnerships and attract talent. Key issues for the next administration include streamlining the civilian cyber oversight structure in OSD, deciding whether or not to create a 4-star unified combatant command for cyber and its relationship to NSA (currently US Cyber Command is not considered a combatant command; its 4-star military commander is dual-hatted as the director of NSA), and developing and executing a viable human capital strategy to recruit, develop and retain a cyber workforce that can keep pace with the threat and the demands of this growing mission area.

Space

DoD assets in space are vital to communications, early warning, command and control links, position, navigation, and timing, ISR, and other functions. Space systems are thus key enablers for U.S. power projection and global reach, providing U.S. forces with the ability to operate over long distances and playing a crucial role in deterrence. But these advantages have grown increasingly vulnerable: potential adversaries are pursuing kinetic and non-kinetic counter-space capabilities aimed at disrupting or destroying U.S. space assets and those of our allies, making space an increasingly contested domain. Non-kinetic threats to space systems, such as jamming communications signals, cyberattacks, and lasing of satellites, are particularly worrisome because their effects can be reversible and attribution can be difficult to establish. This could lower the barrier to use and create an unstable environment where escalation control and deterrence efforts are less effective. DoD has accordingly begun to devote substantially more resources to its space architecture and concepts of operation, but significant weaknesses remain. Much more needs to be done to ensure the reliability and resilience of U.S. space capabilities as well as our ability to reconstitute them.

Core Element of a New Defense Strategy: Shore Up Conventional Deterrence

Given the strategic inheritance, the range of pressing global challenges, and the state of key U.S. military components described above, a new defense strategy is warranted. Moreover, the hoped for repeal of the Budget Control Act and lifting of sequester caps reinforces the opportunity for the Pentagon to outline a new defense strategy that would use any additional taxpayer dollars very wisely and responsibly, not simply adding more money to old ways of doing business. I believe a useful

framework for thinking about modifications to U.S. defense strategy would be to focus on the following three elements: reestablishing conventional deterrence in key theatres; sustaining a global counterterrorism posture; and undertaking significant reform efforts at the Pentagon. I focus on the first of these elements below (and offer recommended citations for the other two).[4]

The next Pentagon team ought to focus intently on ways to shore up U.S. conventional deterrence, which is a fundamental element of regional stability in Europe, the Middle East, and the Asia-Pacific. Our conventional deterrence relies on convincing potential adversaries that both our military *capabilities* can prevail in conflict ' but also that we have the military *capacity* to respond rapidly to provocation or crisis and to sustain warfighting efforts for as long as needed. Sustaining conventional deterrence helps convince potential adversaries that attacking or provoking the United States or its allies and partners is exceedingly unwise and detrimental to their national interests. For a variety of reasons described above, I believe this element of our national defense strategy is at some level of risk, and ought to be a primary focus for the next Pentagon team and Congress.

Sustain the 'Third Offset' strategy

I am a strong supporter of the so-called "third offset strategy" and believe the investments highlighted both in the FY17 budget submission and the overarching frameworks offered by Secretary Carter and Deputy Secretary Work represent real progress in evolving the joint force toward one that can operate in a world of ubiquitous precision munitions and prevail against adversaries that can employ them in all warfighting domains.[5] And while some Pentagon analysts disagree with me, I believe preparing the Joint Force to operate against precision munitions is and ought to be the core issue driving "offset strategy" investments.

For instance, if adversary precision munitions bring a degree of qualitative parity to certain potential warfighting competitions, one would expect the Pentagon to prioritize ways to create quantitative advantages that can help compensate. The FY17 budget reflects this in numerous ways. First, the budget allocates nearly $500 million to increase the U.S. stockpile of precision munitions. Second, the Pentagon is evolving current precision munitions, such as the SM-6 anti-air missile, to add an anti-ship capability. Combined with new Tomahawk missile upgrades that also add an anti-ship capability, the U.S. Navy"s magazine of long-range guided anti-ship missiles will increase dramatically. Third, the budget prioritizes the Virginia Payload Module, a so-called "extended cab" version of the Virginia class submarine that increases the vertical launch tubes on each sub from 12 to 40. Fourth, we see concepts being considered such as a so-called "arsenal plane" that could deploy a swarm of hundreds of small drones, confusing an adversary"s sensor grids, overwhelming defenses, or even attacking targets. Simply put, a key component of the third offset strategy must be to find ways for U.S. forces to generate more mass or quantity. The focus on the quantitative side of the warfighting equation in these investments

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[4] On what a sustainable counterterrorism posture would look like, see Michael Vickers, "Five Counterterrorism Strategies for the Next President," *The Washington Post* (September 26, 2016): https://www.washingtonpost.com/news/in-theory/wp/2016/09/26/five-counterterrorism-strategies-for-the-next-president/?utm_term=.1b53bc535ccd. On what defense reform efforts ought to look like, see Arnold Punaro testimony before the Senate Armed Services Committee, *The Urgent Need to Reform and Reduce DOD's Overhead and Infrastructure* (November 17, 2015): http://www.armed-services.senate.gov/imo/media/doc/Punaro_11-17-15.pdf. Also see Michèle Flournoy"s SASC testimony, *The Urgent Need for Defense Reform* (December 8, 2015): https://s3.amazonaws.com/files.cnas.org/documents/Flournoy_SASC-Written-Statement-Dec-2015.pdf.

[5] I outline my views at length in *While We Can: Arresting the Erosion of America's Military Edge* (Center for a New American Security, December 2015): https://s3.amazonaws.com/files.cnas.org/documents/While-We-Can-151207.pdf.

portends a very different approach to the status quo in U.S. warfighting strategy and doctrine, and I think this is strong evidence that the third offset strategy is taking hold inside the Pentagon.

Further, as adversaries invest in longer-range ballistic and cruise missiles that require U.S. forces to project power from farther away in some scenarios, maximizing the range of our aircraft is a logical response. And we see that in the decision to require the Navy to develop an unmanned carrier-based aerial tanker aircraft. At present, the parameters of the new Stingray carrier tanker drone remain somewhat unclear, such as whether or not the aircraft will be designed to eventually evolve into a stealthy-strike platform. But extending the organic range of the carrier air wing is a vital means by which to keep the crown jewel of U.S. power projection " the aircraft carrier " the platform of choice. Equally important is making sure that the new B-21 Raider bomber is procured in quantities sufficient to underwrite the long-range strike mission in key theatres " 100 ought to be a baseline not a ceiling.

Similarly, if precision munitions are making land bases and large surface vessels more vulnerable, we should expect the Pentagon to make substantial investments in undersea platforms of all types. This is evident in DoD"s FY17 budget submission, both for the Ohio-class Replacement Program, the Virginia Payload Module mentioned above, and a move toward building numerous types of unmanned underwater vehicles (UUVs). UUVs are potential game-changers as they offer the possibility of U.S. forces being able to infiltrate large numbers of submersible drones for a variety of warfighting missions. Imagine a scenario whereby U.S. manned surface vessels or submarines launch hundreds of unmanned submersibles that could infiltrate well inside an adversary"s A2/AD zone and rest on the ocean floor near adversary ports or key sea lanes. The deterrence and warfighting possibilities are numerous, to say the least.

Enhance U.S. Global Basing and Posture[6]

The secretary of defense has outsized influence over America"s global network of bases, the number of military personnel stationed overseas, and the frequency of international visits, exercises, and rotational deployments of forces stationed in the United States"in short, the worldwide posture of the U.S. military. This network of bases has for many decades generated significant advantages for the United States. But these advantages are not static, and the systems and assumptions that enable them are complex. Serious changes can take decades of investment in both relationships and facilities, and minor details can have major implications on size and readiness of the U.S. military. The next secretary of defense would do well to see defense posture as more than an extensive map of real estate agreements and instead devote time to understanding and refining this global system.

There are three interrelated characteristics of the American way of war that help to illustrate why global posture is so important as an element of deterrence.

First, the United States fights far away from home. Two oceans and no major hemispheric threats have enabled the United States to focus on building an international system that is beneficial to our global interests. But this means that projecting transoceanic power, certainly if long-duration in nature, requires a vast network of ports, airfields, and bases from which to operate and sustain operations, as

[6] Elements of this section are drawn from Shawn Brimley and Loren Schulman, "Observations on Global Military Posture," *War on the Rocks* (May 10, 2016): http://warontherocks.com/2016/05/observations-on-global-military-posture/

well as the political agreements to ensure access. Some of these are located in U.S. sovereign territory (e.g., Guam), but the vast majority overseas are provided by our allies and partners via treaty obligation or access agreements.

Second, the United States almost always fights alongside allies and partners. American strategy since the end of World War II has depended on sustaining a network of alliances and key partnerships that, among many other benefits, typically ensure when U.S. forces are sent into battle, that they fight alongside militaries from from other nations. Having U.S. forces deployed forward in peacetime typically means that multinational exercises, training courses, and unit-level exchanges are commonplace and help facilitate interoperability and coalition warfighting effectiveness.

Third, U.S. strategy depends on deterring adversaries. The United States is largely a status quo power — meaning that our national security strategy focuses mainly on sustaining a healthy international system. Maintaining that status quo requires that U.S. military forces maintain a degree of presence in areas where doing so is an important part of the strategic balance. The deterrence equation is a complex one, but rarely can the United States take the overseas military presence variable to zero and credibly maintain strategic balance. Doing so would require the United States to convince adversaries that it would quickly deploy military forces from their U.S. bases to address even the most minor regional security tensions.

For these three reasons, among others, I am very supportive of efforts to legislate another formal global posture review to be undertaken by the next Pentagon team. I believe such an effort is overdue, and ought to be included as a core constituent element of the Defense Strategy Review (DSR) which Congress will also require of the next administration. While political controversial, I believe that domestic basing and infrastructure also ought to be included as part of this global posture review, as right-sizing how the Department stations its forces at home and around the world should be an integrated effort.

Chairman MCCAIN. Dr. Kagan.

STATEMENT OF ROBERT KAGAN, SENIOR FELLOW, PROJECT ON INTERNATIONAL ORDER AND STRATEGY, THE BROOKINGS INSTITUTION

Dr. KAGAN. Thank you, Mr. Chairman, thank you, all the committee members, for holding this hearing, for inviting me. It's an honor to be here. It's an honor to be on this panel. I just want to say that every one of the family members that General Keane mentioned is deeply in love with General Keane. So, it's a mutual admiration society.

I want to talk about a subject that we don't like to talk about in polite company, and it's called "world order." You know, we naturally focus on threats to the homeland and our borders, and we talk about terrorism, as we must, as something that's obviously of utmost importance, has to be a top priority to protect the homeland. As we look across the whole panoply of threats that we face in the world, I've—I worry that it's too easy to lose sight of what, to my mind, represent the greatest threats that we face over the medium- and long-term, and possibly even sooner than we may think, and that is the threat posed by the two great powers in the international system, the two great revisionist powers international system: Russia and China. Because what they threaten is something that is, in a way, more profound, which is this world order that the United States created after the end of World War II, a global security order, a global economic order, and a global political order. This is not something the United States did as a favor to the rest of the world. It's not something we did out of an act of generosity, although, by historical terms, it was a rather remarkable act of generosity. It was done based on what Americans learned in the first half of the 20th century, which was that, if there was not a power, whether it was Britain or, as it turned out it had to be, the United States, willing and able to maintain this kind of decent world order, you did not have some smooth ride into something else. What you had was catastrophe. What you had was the rise of aggressive powers, the rise of hostile powers that were hostile to liberal values. We saw—we all know what happened with two world wars in the first half of the 20th century. What those who were present at the creation, so to speak, after World War II wanted to create was an international system that would not permit those kinds of horrors to be repeated. Because the understanding was that, while Americans believed very deeply, in the 1920s and '30s, that they could be immune from whatever horrors happened out there in the world, that it didn't matter to them who ran Europe or who ran Asia or who did what to whom, as long as were safe, they discovered that that was not true and that, ultimately, the collapse of world order would come back and strike the United States in fundamental ways.

Americans have decided to take on an unusual and burdensome role of maintaining world order because the United States was the only power in the world that could do it. The critical element of maintaining that world order was to maintain peace and stability in the two big cockpits of conflict that had destroyed the world and had produced repeated conflicts from the late 19th century onward.

That was Europe and Asia. The United States accomplished something that no other power had able to accomplish before. It essentially put a cork in two areas that had been known for the constant warfare, put an end to an endless cycle of war between France and Germany, between Japan and China. That was the stable world order that was created after World War II that America gradually thrived in, that produced the greatest era of great-power peace that has been known in history, the greatest period of prosperity, the greatest period of the spread of democracy. I think it's very easy to take that for granted, to focus on some nearer-term threats that we may face, which are, as I say, understandable, but lose sight of how precious that world order is and the degree to which it may be threatened.

My concern right now is that that world order is more at risk than we may want to realize. It is at risk because of two trend—intersecting trend lines that I think are things to be worried about. They are the trend line of increasingly activist revisionist great powers, Russia and China, together with the other trend line, which is a United States which is increasingly lacking both the will and the capacity to continue playing the role that it's played since the end of World War II. As those two lines intersect, we begin to enter a period of increasing danger, because, as the willingness and capacity of the United States to maintain the order meets the increasing desire of those revisionist powers to change the order, the risk of conflict grows proportionately. If you think about a historical analogy, I don't know whether it's 1920, 1925, or 1931, but we are somewhere on that continuum, in my view.

I think, with everything else that we have to do—and this puts enormous strain on our defense budget resources, because we cannot ignore what's going on in the Middle East, we cannot ignore Iran, we cannot ignore North Korea, we cannot ignore ISIS, but we especially cannot take our eye off what I believe is ultimately the main game, which is managing these two revisionist powers and understanding what they seek. We cannot be under any illusions about Russia and China. We will find areas of cooperation with them. They both partake and benefit from and, in some case, sort of feed off of, the liberal world order the United States has created. Let us never imagine that they are content with this order, that they do not seek, fundamentally, eventually to upend this order, especially on the security side, to create a situation which they think ought to be the natural situation, which was—which is they being hegemonic in their own region. China has a historical memory of being hegemonic, dominant in its region. Russia has a historical memory, which Putin has expressed on numerous occasions, of restoring its empire, which stretched right into the heart of central Europe. As far as they are concerned, the order that the United States has created is unfair, disadvantageous to them, temporary, and ought to be overturned. I can only say that, in the process of overturning that, the history teaches, that overturning does not occur peacefully. It should be our task both to prevent them from overturning it and to prevent them in a way that does not produce another catastrophic war. That is the great challenge we face.

Now, are we up to this challenge? Unfortunately, that is, I think, very much in question. I do believe that the policies of the outgoing

administration have indicated a general desire for a degree of retrenchment in the world, a sense that the United States was too involved, too engaged. It focused, to some extent, on the Middle East, but, I think, overall, the message that was sent, whether intentionally or unintentionally, although, in some cases, I think it was intentional, was that the United States is not really going to be in this business of world-order upholding as it used to be, and that we would really like others to step up and play that role while we pull back and tend to some of our business. Entirely understandable, entirely dangerous, because it has, as the other panelists have said, led both our allies to question whether the United States is really there for them, and it has emboldened those who seek revisions in the international system to take increasing steps to do so.

It's unfortunate, that, after these 8 years which—in which this signal has been sent, that, during his political campaign, the President-elect's comments during the campaign, as well as those of his surrogates, have only reinforced the impression that the United States is out of the world-order business. Comments about whether the United States really should support NATO [North Atlantic Treaty Organization] allies. Comments about Estonia being in the suburbs of St. Petersburg. Complaints about the need to defend Japan, and is that an equitable thing? The fact that both candidates came out against the Trans-Pacific Partnership, which is really, in my eyes, a strategic deal more than a trade deal designed to pull the United States and its Asian partners together. All the elements of this campaign have only sent even greater shockwaves throughout the world about what the United States stands for.

So, in a certain sense, yes, the next administration has a big hole to dig out of. It is—also has to dig out of a hole, to some extent, of its own making. We need to see, in the early stages—in the very early stages, I would say, a clear repudiation of all that rhetoric, some clear signs that this new administration understands the importance, not only of reassuring allies, but a willingness to bolster our commitment to those allies. Because, after all, the challenge from the revisionist powers is increasing; therefore, it's not enough to say we're committed to the defense of allies. We have to show that our capacities are increasing along with those of the increasing threat, which, of course, gets to the defense budget, which I don't have to talk to this committee about the need to do that.

Let me just end—I know I'm going on too long—let me just end on one point, and it has to do with Russia. Both China and Russia are revisionist powers. They have different tools in their kit. China has been the more cautious, so far, although I don't presume caution indefinitely, focusing more on their economic clout. Russia has, by far, been the most aggressive, willingness to use military force. It's invaded two countries, projected force into a third, but also has a whole panoply of geostrategic weapons that it has used, from energy resources to cyber. Now, especially in the past few years, to political information warfare, direct meddling in the political processes of the Western democracies. We've seen it in central and eastern Europe. We've seen it in Western Europe. We saw it in the Italian referendum. We're going to see it in the French elections. We're going to see it in Germany. This is a full-bore strategic tool

being used by Russia for two basic purposes: one, to affect the outcome of these elections; but, I would say, more importantly, to discredit the democratic process entirely. Because, after all, Russia and China are both autocracies. They feel threatened by democracies. One of their objectives—and this is an objective that Putin is particularly pursuing—is to discredit democracy, in general. This is his major tool.

Unfortunately, as we've seen in this last campaign, the United States has now become the target of this Russian strategy. What I'm about to say, I'm going to say because I have all you Senators in front of me. This'll probably be the last time I'll be invited to have all these Senators in front of me. This is not a partisan question. This is a strategic question. If Russia, every 4 years, is allowed to come in and weigh in in our elections in the way that it did right now—this—in this election, we are going to be at a serious strategic disadvantage, going forward.

Now, I understand that we live in a partisan world. I used to be a Republican. I—the only administration I ever served in was Republican. I understand the reluctance of Republicans to raise questions about this last election. This has got to go beyond partisanship, because this tool is not going away, this Russian effort is not going away.

So, I would just—I would hope that Congress takes this threat seriously enough to hold serious investigations on what happened, how it happened, and, most importantly, how are we going to prevent it happening in the future. Because this is a major strategic tool that the Russians are going to continue using here and throughout the democratic world.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Kagan follows:]

PREPARED STATEMENT BY DR. ROBERT KAGAN

Mr. Chairman, Mr. Ranking Member, members of the Committee, thank you very much for inviting me to testify this morning.

Since the end of the Second World War, American foreign policy has aimed at defending and extending a liberal world order that conforms to American interests and principles. It has done so not as a favor to others but based on the hard-won understanding that in the absence of such a world order, both American interests and our cherished principles will eventually be imperiled. This was the lesson that those who were "present at the creation" of the American-led world order learned 70 years ago, after two world wars and the rise of fascism and totalitarian communism. If we are not vigilant, we will have to learn that lesson all over again, and perhaps at even greater cost.

It has become common to say that the last 25–30 years of American foreign policy have been a failure. This betrays both a lack of historical memory and a lack of imagination. Which 25-year period of the last century would we rather have: the first 25 years of the 20th century, which gave us World War One, the breakdown of British-dominated world order, the Bolshevik revolution, and the birth of fascism? The second 25 years, which gave us the rise of Hitler and Stalin and Imperial Japan, World War Two, the communist revolution in China, and the imprisonment of half of Europe behind the Iron Curtain? The thirty years between 1950 and 1980, which despite the extraordinary success of the United States in establishing the secure basis of what used to be called the free world and which eventually produced the liberal world order we today enjoy, nevertheless also gave us the Korean War, the Vietnam War, three major wars in the Middle East, the Arab oil embargo, the Iranian Revolution, and the Iran hostage crisis?

The fact is that for all the difficulties of the past 25–30 years, for all the errors, of which there have been many—because this is the real world in which failure is more common than success—for all the costs in lives and treasure, this period has

been by any reasonable historical measure one of remarkable success. From the 1980s onward, we saw the fall of Soviet communism and the Soviet empire, the liberation of central and eastern Europe, the spread of democracy in Asia and Latin America, a global prosperity unmatched in human history, and, very importantly, no conflict between the great powers. Throughout much of this period, in crises in the Balkans and in the Middle East, the United States and its allies have operated effectively to stem humanitarian disasters and put an end to brewing conflicts. Democratic government has spread throughout Asia and Latin America, regions which were dominated by dictatorships in previous decades. Despite the economic downturn following the 2008 financial crisis, this is has been a period of extraordinary prosperity by historical standards.

These past 25–30 years have also provided us a clear formula for success, a formula inherited from those early years after World War Two. By building and maintaining strong alliances with democratic nations and by supporting an open global economy that allows those nations to prosper, and which lifts billions of others in developing nations out of poverty, the United States can best protect its own security and the well-being of its own people. One need only think of the strong democratic alliances maintained during the 1980s, the relationships between Ronald Reagan and close allies like Margaret Thatcher, Helmut Kohl, François Mitterrand, and Yasuhiro Nakasone. Those bonds, together with a strong U.S. military and strong U.S. economy, prevailed in the Cold War, convinced Soviet leaders to concede peacefully, and established this extraordinary period in the history of international relations. It has not been perfect, because perfection in human affairs is not possible. By any reasonable standard, this formula has been successful—and successful for the American people. It created a world order conducive to American interests and American values.

Today that order faces severe challenges, both from without and from within. The external challenges are obvious enough. Since 9/11 we have faced the threat of radical Islamic terrorism, which has proved resilient and to which we have responded inadequately. Iran's efforts to acquire a nuclear weapon, and to spread its influence by military means throughout the Middle East and Persian Gulf, have helped destabilize a region that remains strategically relevant despite the declining American reliance on its oil. North Korea's nuclear capabilities as well its ballistic missile capacities are growing.

Today, however, I would like to focus on what I believe to be the greatest threats that we are going to face in the years and decades, and those are threats posed by China and Russia. For while the other threats I have mentioned pose serious challenges, and in the case of terrorism obviously require the utmost vigilance, only these two great powers have the capacity to upend the world order which has long provided for Americans' security and well-being. The unmistakable hegemonic ambitions of China and Russia threaten the stability and security of the world's two most important regions, East Asia and Europe. These regions are vital to the United States both economically and strategically. They are the regions where two world wars originated in the first half of the 20th century and would be the locus of the next great war should the United States fail to play the role it has played over the past 70 years in undergirding their security and stability. The simple fact is, the era of great-power rivalries has returned. In the past these great-power competitions have led invariably to great-power wars. Managing these rivalries, avoiding war, and doing so without abandoning the liberal world order in the misguided belief that we will be spared when it collapses, is the greatest challenge we face today and in the years and decades to come.

Both China and Russia have much in common. Both are classic revisionist powers. Although both China and Russia have never enjoyed greater security from foreign attack than they do today—Russia has never been more secure from attack by its traditional enemies to the west, and China has never been more secure from attack by its traditional enemy in the east—both are dissatisfied with the current configuration of power in the world. Both seek to restore a hegemonic dominance in their regions that they enjoyed in the past. For China that means dominance of East Asia, with nations like Japan, South Korea, and the nations of Southeast Asia both acknowledging Chinese hegemony and acting in conformity with China's strategic, economic, and political preferences. For Russia, it means hegemonic influence in the areas of Central and Eastern Europe which Russia has traditionally regarded as either part of its empire or part of its sphere of influence. Both seek to redress what they regard as an unfair distribution of power, influence, and honor in the American-led postwar global order. Being autocracies, both feel threatened by the dominant democratic powers in the international system and by the democracies on their borders. Both regard the United States as the principal obstacle to their ambitions, and therefore both seek to weaken the American-led international security

order which stands in the way of their achieving what they regard as their rightful destinies.

The two great powers differ, so far, chiefly in their methods. China has until now been the more careful and cautious, seeking influence primarily through its great economic clout in the region and globally, and using its growing military power chiefly as a source of deterrence and intimidation. It has not resorted to the outright use of force yet, although its actions in the South China Sea are military in nature and carry the risk of producing military conflict. China's willingness to use force cannot be ruled out in the future, and possibly in the near future. Revisionist great powers with growing military capabilities invariably make use of those capabilities when they believe the possible gains outweigh the risks and costs. If the Chinese perceive America's commitment to its allies and its position in the region to be weakening, or its capacity to make good on those commitments to be declining, then they will be more inclined to attempt to use the power they are acquiring in order to achieve their objectives.

Russia, on the other hand, has already been far more aggressive. It has invaded two neighboring states—Georgia in 2008 and Ukraine in 2014—and in both cases has hived off significant portions of those two nations' sovereign territory. It has also projected military force into Syria, lending its military support to the Syrian regime's efforts to crush all opposition, including by the aerial bombing and massacre of civilian populations. Russia has also been aggressive in other ways. It has wielded its control of European energy resources as a weapon. It has used cyberwarfare against neighboring states. It has engaged in extensive information warfare on a global scale. It has interfered directly in Western electoral processes, both to try to influence their outcomes and more generally to discredit the democratic system. This past year, Russia for the first time employed this powerful weapon against the United States, heavily interfering in the American electoral process with as yet unknown consequences.

Although Russia, by any measure, is the weaker of the two great powers, it has so far had more success than China in accomplishing its objective of dividing and disrupting the West. Its interference in Western democratic political systems, its information warfare, and perhaps most importantly, its role in creating increased refugee flows from Syria into Europe have all contributed to the sapping of Europeans' confidence in their political systems and their established political parties. Its military intervention in Syria, contrasted with American passivity, has exacerbated already existing doubts about American staying power in the region. China, until recently, has succeeded mostly in driving American allies closer to the United States out of concern for growing Chinese power. That could change quickly, however, and especially if the United States continues on its present trajectory. We could soon face a situation where both great revisionist powers are acting aggressively, including by military means, which would pose an extreme challenge to American and global security.

The return of this great-power challenge has come just at the moment when American and Western will, confidence, and capacity to meet the challenge have been in decline. The present administration has emphasized global retrenchment at the expense of engagement and although its stated policy has aimed to "rebalance" American foreign policy, the overall effect of its statements and actions has been to raise doubts around the world about America's staying power as the critical supporter of the present global order. Its early attempt to "reset" relations with Russia was a first blow to America's reputation as a reliable ally, partly because it came just after the Russian invasion of Georgia and thus appeared to be almost a reward for Russian aggression; partly because the "reset" came at the expense of planned programs of military cooperation with Poland and the Czech Republic that were jettisoned to appease Moscow; and partly because this effort at appeasement came just as Russian policy toward the West, and Vladimir Putin's repressive policies toward the Russian people, were hardening. Then in 2014, the West's collective response to the Russian invasion of Ukraine and seizure of Crimea, though better than the Bush administration's response to the invasion of Georgia—Europe and the United States at least imposed sanctions after the invasion of Ukraine—still indicated reluctance on the part of the U.S. administration to challenge Russia in what the American President regarded as Russia's own sphere of interest. In Syria, the present administration practically invited Russian intervention, if only through American passivity, and certainly did nothing to discourage it, thus reinforcing the already prevalent impression of an America in retreat in that region (an impression initially created by the unnecessary and unwise withdrawal of all American troops from Iraq). Subsequent Russian actions which increased the refugee flow from Syria into Europe also brought no American response, despite the evident damage of those

refugee flows to European democratic institutions. The overall impression given by the present administration has been that none of this is America's problem.

In East Asia this administration's otherwise commendable efforts to assert America's continuing interest and influence have been undermined by a failure to follow through with policies to support the rhetoric. The military component of the so-called "Pivot" has been hollow due to inadequate defense spending which has made it impossible to enhance the American military presence in a meaningful way. The important economic component of the pivot, meanwhile, represented most prominently by the Trans-Pacific Partnership agreement, was undermined this year when both leading presidential candidates announced their opposition to the agreement. The general perception of American global retreat and retrenchment, encouraged both by presidential rhetoric and by administration policies, especially in the Middle East, has also been noticed in Asia, where allies are left wondering how reliable the U.S. commitment may be when facing the challenge posed by China, for instance, in the continuing conflict over the South and East China Seas.

The perceived weakness and withdrawal of the United States as a result of the present administration's policies and rhetoric has unfortunately been greatly exacerbated by the comments of the president-elect and his proxies during this year's campaign. Suggestions that the United States might not come to the defense of NATO allies if attacked by Russia, that it is not worth going to war over a country that is "in the suburbs of St. Petersburg," that it is a "real problem" that the United States has to come to Japan's defense if it is attacked, and in general that the United States should fulfill its security commitments to other nations only if it makes economic sense—all these have only increased doubts about America's reliability as an ally and partner.[1] They have given the clear impression to both friends and potential adversaries that the United States is turning inward, abjuring responsibility for global security, and effectively ceding hegemonic dominance of Europe and East Asia to Russia and China.

The conjunction of these two trends—the growing ambition and aggressiveness of the two revisionist great powers and the increasing global perception (and perhaps reality) of a United States withdrawing from its international responsibilities to provide security—is at some point going to produce a dangerous crisis, or more likely, multiple simultaneous crises. Americans have tended to take the fundamental stability of the international order for granted, even while complaining about the burden the United States carries in maintaining that stability. As history has shown, however, a world order collapses with remarkable rapidity and with great violence. The apparent calm of the 1920s became within a decade the crisis-ridden 1930s, eventually culminating in world war. Continued American withdrawal from its global role could quickly tempt the rival great powers to seize the moment and try to reshape fundamentally the power structures in East Asia and Europe, both of which are of vital strategic and economic importance to the United States. At that point the United States would be faced with the choice of responding with the necessary force or acquiescing.

The goal of American policy now should be to avoid those crises and confrontations by moving quickly to re-establish the U.S. position as the principal upholder of the international order. That means reaching out immediately both publicly and privately to reassure allies in both Europe and Asia that the United States will not only make good on its commitments but intends to bolster its capacity to do so. These reassurances must therefore be accompanied by an immediate end to the sequester and a substantial increase in defense spending in line with the recommendations of recent secretaries of defense. Nothing would send a stronger signal that the United States is not engaged in a withdrawal from the world but means to continue playing its role as the principal upholder of the international order.

The incoming administration must also find a way to move forward with the Trans-Pacific Partnership in some form. That agreement, like most trade agreements, is not just about trade. It is a strategic investment in security and stability in East Asia, a low-cost and low-risk way of ensuring the United States and its friends and allies in the region remain close and united in the face of possible Chinese pressures.

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[1] On *CBS This Morning* on July 21, 2016, Newt Gingrich characterized Estonia as "in the suburbs of St. Petersburg." See: Flores, Reena (2016, July 21) Newt Gingrich: NATO countries "ought to worry" about U.S. commitment. *CBS This Morning.* Retrieved from *http://www.cbsnews.com/news/newt-gingrich-trump-would-reconsider-his-obligation-to-nato/*.

President-elect Donald Trump described a "real problem" in the U.S.-Japan defense relationship in his March 2016 interview with David Sanger and Maggie Haberman of *The New York Times,* see Haberman, Maggie and David Sanger (2016, March 26) Transcript: Donald Trump Expounds on His Foreign Policy Views. *The New York Times.* Retrieved from *http://www.nytimes.com/2016/03/27/us/politics/donald-trump-transcript.html?—r=0.*

Finally, there is the question of Russian interference in the most recent American presidential election. Some may not view this as a strategic and national security matter, but it is. Russian interference in Western democratic political processes has become a major element of Moscow's strategy to disrupt, divide, and demoralize the West. The tactics it has recently employed in the United States it has already used in elections and referendums across Europe, including most recently in Italy, and will likely use again in France and Germany. For the United States to ignore this Russian tactic, and particularly now that it has been deployed against the United States, is to cede to Moscow a powerful tool of modern geopolitical warfare. It is extraordinary that the United States government has taken no act of retaliation. It is unconscionable, and an abdication of responsibility, that Congress has not launched an investigation to discover exactly what happened with a view to preventing its recurrence in the future. One hates to think that because the Republican Party was the beneficiary of Russian intervention in this election that as the majority party in both houses of Congress it has no interest in discovering the truth about the foreign government's assault on American democratic processes.

Chairman MCCAIN. Thank you, Doctor.

That leads to my first question for the panel. This morning, we had a briefing with the Commandant of the Marine Corps, and I asked him what was, he felt, the highest priority that the Marine Corps has to combat as—not to combat, but as far as challenges to our Nation's security. His first answer was cyber. He put it in the realm of the ability of our adversaries to cripple our ability to wage war. I understand very well the side of it—the aspect of it you just described, but I'd also, maybe, like to ask the witnesses to elaborate on the absolute military threat that—and national security threat that cybersecurity, or our lack of cybersecurity, capabilities to combat and pose to the future of the military and our national security.

General Keane.

General KEANE. Sure, certainly. Well, cyber represents another major battlefield capability and function that is going to be part of us in any future conflict, particularly dealing with any country that has advanced technology. That's the reality of it. We are attempting to harden our cyberdefenses, you know, for our systems so that we can adequately protect them. We are totally reliant on space-based——

Chairman MCCAIN. I don't mean to interrupt, but isn't it true we don't have a policy——

General KEANE. That's true.

Chairman MCCAIN.—as to how to combat——

General KEANE. We——

Chairman MCCAIN.—cyberthreats?

General KEANE. That's correct. The reality is that we are completely dependent on space-based technology, which also, obviously, can be interfered with, with cyber.

Now, the one—we have a decided advantage, and we don't want to minimize this. The United States cyberattack capability is second to none. I'm assuming some members of the committee have had compartmentalized briefings on what that capability is, but it would make your eyes water. So, I mean, it's quite extraordinary, our offensive capability. Every other nation that's dealing with us knows that, as well. So, there is a built-in mechanism there, much as we had with nuclear weapons. The reality—in terms of mutually assured destruction—but, the reality is, in a tactical and operational setting, which John McCain—Senator McCain is getting at

here, yes, we've got a ways to go. There's—we've got deficiencies there, but owe have enormous offensive capability, as well.

Chairman MCCAIN. Mr. Brimley.

Mr. BRIMLEY. Thank you, Senator. Just maybe a quick anecdote, to your point about the lack of a policy. I was a policy advisor in OSD in 2009, in the first years of the Obama administration, and passed down through the chain of command from Secretary Gates, at the time, was a question, What constitutes an act of war in cyberspace? I was part of a small team that put together a memo that apparently was very unsatisfactory, because one of the first questions that Secretary Panetta asked, upon assuming office, was, What constitutes an act of war in cyberspace? I think, in my mind, that just reflects the notion that there's lots of memos being written, lots of folks inside the bureaucracies thinking about and pondering these questions, but we have yet to sort of establish the basic rules of war. Rules of war as it pertains to cyberspace. What constitutes a conflict?

Chairman MCCAIN. Including what constitute an attack?

Mr. BRIMLEY. Absolutely.

Chairman MCCAIN. Do you take action to prevent it if you know it's coming? What do you do to respond to an attack? Is that what you were discussing?

Mr. BRIMLEY. Absolutely. Another quick anecdote. Early in '09, and maybe it was 2010, we tried to come up with a DOD cyberstrategy. Eventually we did and it got released. As part of those discussions, there was this question of speed. So, for instance, I believe, at the time, inside the Pentagon, there was this debate about preauthorizing offensive use of cyber. The argument was, things happen in cyberspace so quickly, there's not going to be an opportunity for humans—i.e., the President or the interagency—to be involved in deliberating, discussions about whether to take out a cyberserver farm, say, in Singapore that happened to be harboring—hypothetically harboring a third state's cyberoperations. So, there's this complex question of, How do we authorize use of force and think about the use of force in cyber, when you're not going to have the ability, in a—on a case-by-case basis, to have, you know, long, deliberative discussions about policy. You're going to have to think about preauthorizing steps in advance, up to and including going beyond our own networks and attacking the networks of others. So, that could create second- and third-order effects.

It's a long way of saying, it remains incredibly complex, it remains incredibly unclear, at least from a public perspective, what our policies are. I would think there's a role for the committee in this regard in, sort of, legislating DOD, for instance, to finally come up and answer that basic question, What constitutes an act of war in cyberspace?

Chairman MCCAIN. Thank you.

Dr. Kagan, did you want to add anything to the——

Dr. KAGAN. It's well out of my range, but I would just say that, as with all weapons, unless you can demonstrate a retaliatory capacity, you're never going to deter the use of it. That goes for cyber and the use—in a war setting and also in a political setting. So, unless there was retaliatory action for Russian actions, they have no incentive to stop doing it.

Chairman MCCAIN. Senator Reed.

Senator REED. Well, thank you very much, Mr. Chairman.

Also, let me thank the witnesses for their comments on NDAA. Let me state the obvious, also. The—this reform initiative was a result of the constant and gentle urgings of the Chairman. I think——

Chairman MCCAIN. It could not have happened unless it was totally partnership.

Senator REED. That nudging constantly was noticed.

[Laughter.]

Senator REED. Dr. Kagan, you made a—I think a very insightful—no surprise—analysis of two lines that could intersect disastrously, the—a revanchist Russia and China and a disengaging United States. This tracks, I think, to a basic, fundamental issue we've all talked about. We have to get a military—not just the military, but our national security enterprise—the Department of State, Homeland Security—to a much higher level that requires more resources. We can find some of those resources within a context of savings—General Keane pointed out, and—that there's money there. I think, even exhausting all the feasible savings, we still have a critical issue before us. It's—goes to the points that you raised, in some respects, just—as a nation, are we ready to take on the challenge and pay for it? General Keane, how do we pay for the extra margin? If we can get out of sequestration, how do we pay for the extra margin we'll need to do all the things we have to do—enhance our security, in space, undersea, et cetera? I'll ask everyone else to comment. That probably exhausts my time.

General KEANE. Well, you know, some of that gets back to what Dr. Kagan was talking about, is a lack of will. I actually am absolutely convinced this is—this is fundamentally American presidential leadership, because, you know, security of the American people shouldn't have a pricetag. That means we have to educate the American people about what is really going on. We have to make honest assessments about this threat and what it portends for the future of America if we do not engage it. Frankly, we have not been doing that. I hope and trust that this new administration will face up to that. I think that's where it starts. It starts with American leadership, and it starts with the education of the American people so that they really do understand that there is danger here, that it is threatening our livelihood as we know it. We have to make sure that they understand that and they're informed. They obviously influence this body, the House of Representatives and the Senate, if they are educated, if they are informed. Because that's where the decision is going to be made about resources, largely. I would trust that the new American president would make the commitment to invest in the defense budget, which it desperately needs.

All that said, this is not just a windfall for the Department of Defense, because, at the end of the day, they're going to support a national security strategy, foreign policy would emanate from that, and a defense strategy would emanate from that national security strategy. It's also up to them to make the hard choices about priorities. There's never enough money to go around. They've got to really make some tough choices here, to be sure. We have such

gaps and such holes that some of those choices are not too hard to understand what needs to be done. So, yes, I understand what you're saying, Senator, and I'm sympathetic to it, but I'm absolutely convinced the Nation doesn't understand. They really don't understand. We've got to start with them.

Senator REED. Mr. Brimley, then Dr. Kagan.

Mr. BRIMLEY. Thank you for your question, Senator.

I would just say, without disagreeing at all—I would never disagree with General Keane—but, I would say, to the committee at large, it's not just a question of money. I mean, hypothetically, if sequester caps were lifted in the next few months, and for FY18 [fiscal year 2018], if there's a radical increase in defense spending, what do you think would happen? I mean, you know, absent anything else, the Pentagon will simply just keep doing what it's doing, and will just do more of it. They'll buy more short-range tactical fighters, they'll buy more vulnerable surface ships that are particularly vulnerable to antiship cruise missiles, et cetera.

Senator REED. I think——

Mr. BRIMLEY. The military services, left to their own devices, I think, will basically just keep doing what they're doing. Moreover, absent the reforms—and, you know, again, appreciate the reforms the committee pushed during this last NDAA—but, if we don't make progress on personnel reform, if we don't bend the cost curve on military healthcare, if we don't bend the cost curve on personnel, no amount of money is going to fix these problems. When I was in government, I spent a lot of time thinking about posture—overseas military posture. We found ways, at least in the Asia-Pacific, to start what we dreamed of as a significant rebalance. I think there's a lot more to do, but things like getting marines in Darwin, opening the door, at the time, to the Philippines, getting the Littoral Combat Ship forward-deployed to Singapore, starting to negotiate with Japan to maybe forward-station more aircraft carriers. I think there—you know, frankly, a mistake that the administration did was taking the BCTs our of Europe. We ought to put those back in.

I think there are ways where we could do a lot more without necessarily having to add dramatic amounts of more dollars to the defense budget. We need to be more engaged in the world. We need to forward-station our troops and capabilities around the world. The pushback you get in the Pentagon when you talk about overseas posture is this notion that if I'm going to put something, say, in Europe or put something permanently in Asia, that gives the—potentially, the services and DOD writ large—it starts to lock them down. It somewhat decreases your global flexibility. So, there's this argument inside the Pentagon that, if we bring the troops home, and we bring capabilities home, that gives us more flexibility to rapidly deploy anywhere in the world where we may be needed. That comes at the cost of being forward and present in key theaters. We ought to be making bets on Europe, as Dr. Kagan said. We ought to be making bets on Asia and forward-station capabilities, and be very creative, and hold the military services to account. There's a lot we can do to be more engaged in the world without necessarily having to increase the defense budget.

Senator REED. Dr. Kagan, again, you raised this issue of the will of the American people. To be blunt, that will is most—or sometimes most directly expressed in, What are you willing to pay for, and how are you willing to pay for it? Can you comment?

Dr. KAGAN. Yeah, I mean, I—I'm not an expert on Pentagon budget and what can be saved and what can't be saved. I'm very dubious that, unless you actually increase the top-line, that you're going to get what you need, because I just think, you know, you can only squeeze so far and be as brilliant as you can be. Brilliant is never going to be your answer. So, I think the answer is, there's going to have to be more spending. I'm not a budget expert, writ large, either, but I would say we have to do whatever we need to do. We have to—if we need to raise taxes and we need to have some package that does that, if we need to find other ways of, you know, dealing with problems like entitlement spending to do it, we have to do it. I mean, I lived through the Reagan years. There were increases in defense budget which were offset by political bargains of one kind or another that required increase in domestic spending, which led to increased defense budgets. We survived the—I mean, in overall deficits—we survived the deficits and won the Cold War. So, I would say we are going to have to, as a Nation, take this seriously enough to pay for it.

Senator REED. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

The—let's start off—there are some differences between the NDAA—and I appreciate the comments that you've all made about the—this NDAA; we're going to get it through, and it's going to improve things—but differences between the administration and the NDAA. I happened to be in the Ukraine when they had their elections. It's the first time, as all of you know, in 96 years, there's not one Communist on the Parliament at—in the Ukraine. Immediately afterwards, Putin came in and started killing people. We were wanting—a lot of people were wanting to get defensive weapons over to the Ukraine. They're in this bill. The administration was saying that the—they refused to provide defensive legal assistance to the Ukrainians, for fear of provoking Putin.

First question I'd ask you, Do you think Putin really needs provocation? Or isn't he going to do it anyway?

Mr. BRIMLEY. He doesn't need provocation. I think—you know, I absolutely support being as—you know, as—as forward-leaning as possible in helping our Ukrainian friends, you know, counter——

Senator INHOFE. Well——

Mr. BRIMLEY.—counter the aggression.

Senator INHOFE. Yeah. In my—the reason I asked the question, my feeling was, at the time, that he was doing this because he—the outcome of the—of Parliament. He didn't like that. He's getting bolder and bolder, as you have said.

Yes, General Keane.

General KEANE. Well, I—there's a larger issue here. I mean, I think there's been a thought on part of the administration that any act like that, even assisting someone so that they can fight aggres-

sion, could possibly create an escalating situation. I think we get paralyzed by the fear of adverse consequences.

There's clearly a pattern here. You know, after—not only did we not provide largely defensive lethal aid to the Ukrainians, but, after the—Libya and Qaddafi was taken down, you could argue, Well, should we have done that, or not? We did it. The only thing the new elected Islamic moderate government asked for us was to help them create a defensive force to stop the radicals. We said no. As a result of that, we lost our Ambassador, the Consulate, and eventually the Embassy. The radicals are running around the entire country, the Syrian moderates. You've probably met some of them. They were so desperate, they talked to me. They wanted—"Look it, we don't want your troops, we don't even want your airplanes. Just give us some weapons to be able to fight this guy, Assad, because he's got a modern—he's got modern equipment. He doesn't have very good soldiers. They lack will. They've got tanks and artillery and airplanes, and that makes a difference on the battlefield. Let us fight them. Give us some antitank weapons, some antiaircraft weapons." We said no. Look at the problem we have. I mean, that lack of support and engagement is mystifying to me. To fear that because it may escalate into something else? We get paralyzed by the fear that it may be something else that—it's——

Senator INHOFE. Yeah.

General KEANE. Some of it's shameful.

Senator INHOFE. I appreciate that.

Let me just, real quickly, on—my time is running out here—I was at the meeting also this morning with General Neller. I commented, and he agreed, that the problem—one of the problems that we're having is that we don't—we have the wrong priority on defending America. I think you just said it a minute ago, that defense of the American people shouldn't have a pricetag. Well, we had a policy from the administration that, when we're getting into sequestration, that we're not going to put additional funding into the military unless an equal amount's going to be given to the nondefense portion of the budget. What does that tell you? It tells you that there's not a priority in defending America. Do you in—feel the same way? Do you feel that the next administration should have that priority changed?

General KEANE. Well, yeah, absolutely. Given the threats that we're facing, and given the leaders of our military who are coming before this committee and telling us what major challenges and security deficiencies that they have, that we can't meet the threats that are out there. I'm—and I—what I tried to explain to you is that, yes, we have to make investments; yes, we have to grow the capability of this force; but, also, we have to look inside this Department as to how it does its business, and hold it accountable for that.

Yeah, absolutely, these—this situation that's in the world today is going to get worse if we don't stand up to it. I think we've learned a couple of lessons from history. Our adversaries look at us in terms of real capability. They see that gap closing, just as we see it. Rebuilding the military and putting that capability on the table is real. In and of itself, it becomes a deterrent. That is the wonderful aspect of this. We learned that through the Cold War.

The other thing that has to be present, even though you have the capabilities there, and they know those capabilities are real, and they don't want to deal with those capabilities, if we don't have the intent to use that capability, it is not a credible deterrent. They have to clearly understand where those lines are. Russia's aggression has to stop. China wants to dominate and control the Pacific, and they resent the United States having done it for 70 years. They are forward-deploying forces to do that. That kind of aggression that's taking place that will lead to confrontation, they have to know that we're not going to stand for that. They have to understand that. So, the intent, as well as the credible military capability, is what is a credible deterrence. You have to have both.

Senator INHOFE. Mr. Chairman, I've got to say, this is— I think, may be the best panel that we've had in recent years.

I appreciate your honesty, all of you.

Thank you.

Chairman MCCAIN. Thank you.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

I joined Chairman McCain at the Marine Corps Caucus Breakfast this morning, where the Commandant of the Marine Corps, in some sense surprisingly to me, identified cyber as the major threat and, in fact, I think, clearly indicated that we need a more robust and clear policy and strategy regarding cyber. One of the aspects of cyber that is perhaps most troubling is that, first of all, it spreads across many different spheres. Chairman McCain identified the potential for crippling our warfighting ability by literally disabling our ships or planes that are dependent on cyber communication, but also the attacks on civilian targets—our utilities, our financial system, and our election.

So, I take it, Mr. Kagan, you would agree that we need a more clear and strong policy regarding cyber.

Dr. KAGAN. Yes. As I say, I'm not a cyber expert, so I couldn't tell you what that policy actually would be, other than, as I say, I think, you know, we need to—first of all, we, as a Nation, need to be clear about what has happened. I think—I mean, I'm only talking about the political side here. I mean, there's still a lot of uncertainty about what exactly has happened. I think it's very important that the American public know what happened, who did it, and how. That then we can begin to fashion a response to it, which I think must include retaliatory action as a deterrent.

Senator BLUMENTHAL. That investigation of its most recent effort to interfere in our elections is one that really should be done soon, it should have bipartisan support, and it should be sufficiently resourced so that it can be effective. Would you agree?

Dr. KAGAN. Yes. Again, because it's as—it should be understood as a strategic—it's a strategic issue, because Russia deploys this political weapon as part of its overall strategy. So, the United States needs to respond as if this were a strategic issue, and forget about who won and didn't win the election. This really is a fundamental strategic question.

Senator BLUMENTHAL. Without going into any of the details that may be, preferably, discussed in a classified setting, no doubt there has been work done—investigative work done into the Russian ac-

tions that were designed to destabilize or interfere with our electoral process. Separately, you would recommend that the Congress undertake such a study.

Dr. KAGAN. Yes. Partly, again, for the reasons that Congress is uniquely suited to then explaining things to the American people in a way that the administration is not likely to do. I mean, it's just not enough to come up with a secret report on what happened. I think the American people need to understand.

By the way, I also think this needs to put in—be put in a global context, because this activity has been conducted in elections throughout Europe and in a—as I say, is about to be conducted in elections that are coming up in Europe.

Senator BLUMENTHAL. You mentioned, Mr. Kagan—and I'd be interested in the opinions of other individuals on this observations—that the two trends that are troubling are not only the changes in policy on the part of the revisionist powers, but also the growing doubts about our Nation's commitment to our alliances, including recent statements by the President-elect that we ought to, in effect, withdraw from our commitments to NATO, that our commitments to Japan also perhaps are not worth fulfilling. I wonder whether you would expand on the effects of those kinds of statements on the world order.

Dr. KAGAN. Well, as I say—and I want to be, you know, clear about this—I think that, unfortunately, the policies of the outgoing administration had already shaken confidence in—from the very beginning. I mean, I think the way the initial Russian reset was carried out, which wound up canceling military cooperation programs with Poland, and the Czech Republic send a very early signal about whether the United States was going to be a reliable ally. I think premature withdrawal from Iraq, the whole redline episode with Syria—I mean, there's a background here. When I look at what happened during the campaign, I see it as part of a continuum.

Yes, the statements made by the President-elect and his proxies during the campaign have definitely raised alarm bells around the world about what the United States role is going to be, and have suggested that it is going to be a different role than the world has been accustomed to.

Now, you know, we can—are told that the—people don't mean anything they say in election campaigns. Maybe that'll turn out to be true. That's why I think that a very high priority, and a first priority of the administration, must be to go out and reassure, publicly and privately, the allies that we are fully committed to all of our defense commitments. As I say, more than that, to say that we are going to keep up with the rising challenges that those countries face by taking the necessary steps, in terms of our own capacities to do that.

Senator BLUMENTHAL. Thank you very much.

My time is expired. At some point during the hearing, I'd be interested in what the two other witnesses have to say about both those areas.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Blumenthal, in order for continuity, we could have those comments now.

General KEANE. Well, let me just add, as much as there are issues in the cyber area with the United States military, it also is the most protected function that we have. You know as well as I do that our critical infrastructure is exposed. By that I mean our banking and financial system, our utility infrastructure, our transportation system. They're all relatively exposed. The Congress here tried to work public-private partnerships in some legislation a few years ago. I think Senator Lieberman led that effort with others, and we couldn't get it done, mainly because the private sector did not want to make the commitment that it would take, largely in terms of dollars, to provide that kind of security.

There's a presidential commission reporting out this week that's got a number of recommendations, so I think we need to take a hard look at what they're looking at. This mostly deals with—because they're not—they don't have access to the—what the militaries do, in a classified sense—this largely has to do with the private sector. It will take public-private partnership to provide that kind of security. Let's face it, I mean, cyberattacks on the United States have been absolutely exploding, you know, in terms of stealing technology, intellectual property, and obviously also in just stealing critical information. Largely, we have not been responding. I don't know how you stop something like that if they're not paying a price for it. Largely, they're not paying a price for it, Senator. That clearly has to be a part of our strategy.

So, yes, we—but, we have to find ways to defend that critical infrastructure, and hopefully the presidential commission will give us some ideas on what the Congress needs to do to help do that. There are some things on the military side that we need to shore up.

Mr. BRIMLEY. I would just say, sir, quickly, on the allies-and-partners question. I agree with Dr. Kagan. I'm somewhat worried about the comments I saw from the President-elect and his team. I'm inclined to give them the benefit of the doubt, certainly during the transition. I would think that, upon taking office—to execute any of the at least rhetorical policies I've heard, vis-à-vis China or Iran, or even the comments on Taiwan, all of those things require robust alliances and partnerships. Moreover, the selection, I would think, of General Mattis, who spent years fostering strong alliances and partnerships in places like Central Command, for instance, I'm hopeful that the next team will be—at the Cabinet level, will have folks that are deeply versed in the value to us of having a strong strategy buttressed by strong alliances and partnerships.

Chairman MCCAIN. Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

I appreciate the direction that this committee meeting is focused on. In particular, I'm curious as to whether or not perhaps the committee has gone far enough with the NDAA proposal this year. We've directed, for the first time ever, that the President of the United States must now define when an act in cyberspace would require a military response. It started out with a discussion that we had as to whether or not we should define a cyber act of war. It's been refined a little bit in the discussion. I think it's a very appropriate item to have.

Would it be fair to say that—have we gone far enough, or do we have to go farther, in terms of what we're expecting from the administration?

Mr. BRIMLEY. I'm happy to go first with that, sir.

It's hard to know from the outside. I think a lot of the most useful strategic guidance in this domain would be highly classified. Just from my own basic experience in this, wrestling with this act-of-war question, I think that's something that can and should be debated openly and publicly. I think we ought to do more. Like I said, the second- and third-order consequences of getting involved in offensive operations, for instance, are problematic.

Just to the earlier point on cyber, writ large, I do worry a little bit about the military services and sort of running to the ball on cyber. You know, I want the Marine Corps focused on closing with and destroying the enemy, you know, from amphibious operations and the like. I want the Army focused on, you know, major combat operations. I want the Air Force focused on what it does best. I—sometimes I worry that, sort of, the lack of—the necessity to have each military services investing in cyber, along with the broader architecture of Cyber Command and the NSA [National Security Agency], it—I'm not sure the incentives are properly there. Each military service chief feels compelled to focus on cyber, because they have to. I—sometimes I worry that that focus sometimes can protract from what the military services, in my mind, their core missions ought to be. Thinking about seapower, thinking about airpower. Obviously, cyber is a component of this. You know, but sometimes I worry that they are—that the demands for each military service detract from their core mission. I think cyber ought to be, you know, a stronger voice, perhaps, from Cyber Command and maybe even OSD is appropriate.

Senator ROUNDS. Dr. Kagan?

Dr. KAGAN. Senator, forgive me, I've already exceeded my knowledge of cyber in this hearing.

Senator ROUNDS. General Keane.

General KEANE. Well, I think the committee focus with the military portion of cyber deals with Cyber Command, itself. They have responsibility for the function, both from a defense perspective and from an offense perspective. I don't believe that this is an area that's going to require major investment strategy that compares anything to the lack of combat brigades, the lack of proper type of combat aircraft, or the lack of proper types of submarines and ships. I would leave it to the commander there to understand exactly what he needs to properly defend the military. Also, I know he's got the offensive tools. It's the defensive tools that are the issue.

Senator ROUNDS. Interesting to me. I—my time is—I've got a short amount of time left, but I'm just curious. Throughout this discussion, we've talked cyber, we've talked some readiness issues, we've talked some challenges with regard to our naval forces, air forces, army. We really have not said much at all about space. Yet, everything everybody's got is dependent upon our ability to protect our own assets within space. How vulnerable are we? Should we be placing additional emphasis on the protection of our own assets from kinetic attack in space?

General KEANE. Well, the short answer is yes. As our adversaries have acquired all the technology that we have, you—we know for a fact it's part of their asymmetric strategy to deny us as much of our space-baked technology as possible. They practice it routinely. You know as well as I do, the Chinese have been shooting satellites down for years, getting ready for that asymmetric strategy against us. So, most definitely, there's—we're not going to go back, in terms of that technology and our dependence. Protecting it is an investment strategy, to be sure, but it is not on the scale of what is needed for our offensive capability, which is lacking.

Senator ROUNDS. Thank you.

My time is expired. Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King.

Senator KING. I also want to associate myself with the comments of Senator Inhofe, and thank the Chairman and the Ranking Member for arranging this hearing. This is—this has been a very insightful and important.

To follow up on this—just a quick question on the cyber issue. I wonder your opinions of splitting the cyber from Cyber Command and NSA. It strikes me that those are two different, very important, very engaging functions, and I wonder if the time has come to acknowledge the importance of each and make those two different individuals.

General Keane, your thoughts?

General KEANE. Yeah, I wouldn't split it. I mean——

Senator KING. You would not.

General KEANE. No, no, absolutely not. Because the main tool that you're actually going to use is NSA. That is— that's where most of our capability truly is. If Keith Alexander was sitting here—he's a good friend of mine, and I've talked to him at length about this—he would argue against splitting it.

Senator KING. I——

General KEANE. You're going to wind up——

Senator KING. I've had that discussion with him——

General KEANE.—creating more bureaucracy than we actually need if we do that.

Senator KING. Mr. Brimley? Mr. Kagan?

Mr. BRIMLEY. I've been back and forth on this particular question, myself, over the years. You know, I think one of the major problems we have with cyber, as it pertains to the government and also the military, is, you know, we're competing for talent. We're competing for talent with the private sector, we're competing for talent from the international community, as well. Which leads me to believe that, you know, splitting, you know, one rather—you know, one bureaucratic entity into two bureaucratic entities, you know, I think that could—you know, and setting those bureaucratic entities in some sort of competition with one another for talent, whether it's civilian talent or military talent—it's probably not the real issue. I would be more interested in, you know, making sure that, from a military perspective, we have the ability to direct-commission folks from, say, Silicon Valley who want to serve as reservists or who can serve on Active Duty for 1 or 2 years; you know, flexible hiring authorities for the civilian side; you know, flexible spending incentive programs to be able to compensate our best and

brightest. Maybe not, obviously, from a private-sector level, but making it more attractive for folks to serve, both on the civilian side and military side, I think that's where we ought to focus much of our energy. The wiring diagrams, I think, are less important in that regard.

Senator KING. Thank you. Thank you.

General Keane, I was struck by your testimony about the bureaucracy in the Army which stalled the development of new weapon systems and the deployment. That's a structural issue and a cultural issue. It's hard—these aren't bad people saying, "We don't want to do good things." How do we deal with the cultural structural issue? Because we're seeing this across the—all the services, and in procurement, generally, of new technology. It takes too long, and it's too expensive.

General KEANE. Yeah, the—it's a great question. The only way you get at that is with absolutely strong leadership that is not going to tolerate that. You've got to bore down on it. First, you've got to get educated, yourself, because—most people, like I do—I came to the Pentagon, because I ran effective organizations at different levels. I didn't know anything about the business side of the Army. The first time I got exposed to it was when I was a four-star general. I was handicapped, initially, because I didn't know what was going on. It took me, what, a year, year and a half, to understand this issue.

So, having people there who are strong leaders, want to get these results, holding the system accountable for it, really driving innovation and technology, who you put in there as Secretary of the Army, the civilian Under Secretary of the Army—a lot of times—just be frank with you—we put people in there, you know, who enjoy the ceremonial aspect of it, they enjoy being Secretary of the Army, but they don't drive change in the culture because they're—it's a reward for something they've done.

Senator KING. So, selection of leaders is a crucial element, looking for innovative and willingness to move. Let me——

General KEANE. You've got to force the R&D effort, and you've got to talk to civilian—you've got to talk to the defense industry on a regular basis, because the defense industry is spending their time thinking about your function. They're all—they're also spending research dollars on it. You have to have regular communication with them, let them know where you're trying to go, bring them into it to help contribute to it, drive your own people to work with them, as well. We can accelerate this process rather dramatically.

Senator KING. I would suggest that we have to.

Let me quickly move on to one other question. There's an extraordinary story in this morning's Washington Post about a report done by McKinsey and by the Business Board a the Defense Department, $125 billion of savings identified over 5 years. That would be enough to fund the nuclear modernization program. Do we need to take seriously—because we're talking about increasing the defense budget, but how about talking about using the dollars we have more effectively?

Mr. Brimley, your thoughts?

Mr. BRIMLEY. Quickly, sir. Absolutely. I mean, that report—I think it was the Defense Business Board Report—I mean, I remem-

ber reading that a few years ago when it came out. I'm glad to see it's finally being reported on, you know, at significant levels now.

Senator KING. Well, it's pretty disappointing that——

Mr. BRIMLEY. Absolutely.

Senator KING.—it took digging to get it out.

Mr. BRIMLEY. Absolutely. I—and I would just say, as part of your hearings, your posture hearings in 2017, as part of the budget debates, I mean, you ought to hold the next Pentagon team to account in not only advocating for more defense dollars, but making sure those defense dollars are better spent. That's going to take advancing the reform agenda that this committee has laid out in the NDAA.

Senator KING. Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Ernst.

Senator ERNST. Thank you, Mr. Chair.

Thank you, gentlemen.

This has been a great discussion this morning. I hope that, Mr. Chairman, we can continue and not just discuss it, but actually see some actions behind the words. So, I'm really encouraged about what we're touching upon today.

I would like to get your thoughts on ISIS in Southeast Asia, because I do think it's something that we haven't spent a lot of time focusing on. We're not talking about it nearly enough. Islamic extremist groups in Southeast Asia, like the Abu Sayyaf group, they are all coming together under the flag of ISIS. It's a bit concerning.

Earlier this year, both General Dunford and Secretary Carter agreed on my assessment of ISIS in the region, and they shared those concerns, as well. Since that time, ISIS-linked groups have carried out a number of attacks. Just last week, we saw an attack against the Philippine President's security detail, and we saw a bombing near the U.S. Embassy. So, continuing escalation of violence in that area by those extremist groups.

Mr. Brimley, I'd like to start with you, because you did mention the rebalance towards the Pacific, and—you've mentioned that rebalance. I think, when that first started, the focus was very much on China and maybe North Korea, some of those aspects, but now we have ISIS engaging heavily in the Philippines. You spoke about the Marines in Darwin and other activities. Can you talk a little bit what you think our administration, the incoming administration, should do to really address this rising threat of ISIS in Southeast Asia?

Mr. BRIMLEY. Sure. Thank you, Senator.

I would just say, we saw this before, you know, in 2001–2002, you know, terrorist groups in the region that have their own, sort of, particular interests as it pertains to the countries in which they operate. I mean, I think there's a lot of branding going on. We saw, in—after 9/11, a lot of terrorist groups around the world, but somehow they're affiliated with al Qaeda, and that gave them some, sort of, I guess, marketing prowess. It's—it doesn't surprise me that we're seeing that again with ISIS. I would just say, from a DOD perspective, one of the ways—you know, I think our posture in the region ought be focused on maintaining the regional order. We need to be able to prepare to go toe-to-toe with countries and threats. I'm worried about China. I'm worried about North Korea

and the like. One of the tangible second-order benefits that we get from forward-deploying our troops and capabilities overseas is, we have that daily connectivity, and we have that daily deterrent prowess in places around the region.

One of the debates that you see and hear inside the Pentagon, or one of the debates that we had in the—inside the Pentagon as it pertains to, say, the Marines in Darwin, for instance, is, you know, you start to break apart these larger entities, like a Marine Air/Ground Task Force [MAGTF], for instance, and you start to put—you know, put a company here in southern Philippines, and put a—you know, a task force of some kind in Australia, and there's a tradeoff between doing that, which gives you that kind of daily interaction with local communities, the ability to do counterterrorism operations, for instance, but there is some risk that it becomes more difficult to quickly bring those capabilities back together for a larger threat, responding to a larger threat. That's the balance that DOD, particularly OSD, has to grapple with every day.

I would just encourage the committee, as you think about the—what—the Defense Strategy Review, what used to be the QDR [Quadrennial Defense Reviews], that the next administration will do next year, that you—you're very aggressive with them in articulating, you know, what you want to see out of the strategy, classified briefings for all these factors, and making sure that all these different constituent elements are part of that strategy and it's not—it's not just a public-relations document, which is what QDRs, I think, unfortunately, have tended to evolve into, which is part of the reason the committee took its action it did to make the QDR a Defense Strategy Review with a classified component.

Senator ERNST. Very good, thank you.

General Keane, could you talk a little bit more about, militarily, what we could be doing in that region, and the uses of forces?

General KEANE. Yeah, absolutely.

ISIS [the Islamic State of Iraq and Syria] has expanded into 35 countries. We don't really have a strategy to deal with any of that. We're focused on the territory that they took, certainly, in Iraq and Syria. I'm not saying that's not appropriate. That should be a priority. Commensurate with that priority, we should be addressing these other areas, as well. A lot of the identification with ISIS is aspirational, but they also have affiliates in these countries. This is one of them. What they—with an affiliate, they actually sign a document together to abide by certain ISIS principles and rules. In some cases, they direct; some cases, they provide aid; but in most cases, there's no direction. That's largely the case here.

I believe what the United States can do, with its allies, is that—you know, we've been at war with organizations like this now for 15 years, and our reservoir of knowledge and capability here is pretty significant. It far exceeds anybody else in the world. We have allies that are participating with us. There's much we can do with them, in sharing intelligence and helping them with training and also helping them with technology—not expensive technology, but things that can truly make a difference, you know, with those troops. I don't think we necessarily have to be directly involving in fighting these forces ourselves, but aiding and supporting these

forces, and having a strategy to do that, and lining up some priorities for ourselves—because we have limited amount of resources—but, make some choices, you know, based on what that threat is and what it may be—its implications for the region could help guide us to what those priorities should be.

Senator ERNST. I appreciate your input.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman. Thank you, both to the Chair and Ranking Member, and also to all of our panelists, for giving us a lot to think about this morning.

Dr. Kagan, I want to begin with you and with your comments about Russia's interference in our elections, because this is something that I have found very troubling. In fact, before Congress went out, before the October recess, called on hearings to better look at what was going on. We know that we've had Secretary Johnson and other Homeland Security officials say that there is evidence of Russian hacking into our electoral system that goes to the highest levels of the Russian government. That was done, not to influence the outcome of the election, necessarily, but to sow confusion about whether our electoral process was working. Yet, to date, there has not been one hearing on this issue in this Congress. What I was told when I asked about a hearing—and I have, again, called on the Foreign Relations Committee, on which I sit, to do a hearing, and I know that they're considering it— but I was told that there was concern that this might be viewed as a partisan issue.

So, I am very heartened by your point that this is not a partisan issue. In fact, the first person I heard raise it in Congress was Senator McCain, the Chairman of this committee, who talked about the efforts to hack into the Arizona and Illinois voter files.

So, I couldn't agree more, this is a hearing that we ought to undertake because it's important to our American democracy, it's important to European democracy, when we look at what Russia's doing in eastern Europe, as you point out, in Germany, in France, the potential for them to continue to sow mischief.

What kinds of—you also talked about taking retaliatory action against Russia for what they're doing—what kinds of efforts would you suggest we look at, in terms of trying to retaliate or respond to what Russia is doing in the United States?

Dr. KAGAN. Well, there are—I'm sure there are people better equipped to answer that question than I am, but I would, you know, publish the Swiss bank accounts of all the oligarchs around—I mean, just these—there are all kinds of things that you could do that would cause——

Senator SHAHEEN. Yeah, keep——

Dr. KAGAN. Well, I mean——

Senator SHAHEEN.—saying a few more of those, because I think those are helpful.

Dr. KAGAN. You know, you could talk about all the ways in which—you know, you could reveal stuff about the way Putin has manipulated his own elections. I mean, there's all kinds of stuff out there, which, if you were of a mind to do it, you could do that would be embarrassing, of one kind or another. I mean, these peo-

ple have money stashed all over the world. They have dachas, they have villas, et cetera. They—this is a kind of a mafia organization, where, you know, part of the game is everybody holding together. There's ways to create divisions and difficulties. I mean, it—I'm sure, as I say, there are people who could—if you put them to the task—and I'm—for all I know, they have been put to the task—you could come up with a whole list of things.

By the way, I wouldn't make an announcement of it. They'll—they would understand what had happened. Until we do something like that, it's just open season for them to do this. So, I think we've already—we need to treat this like any other weapon system that's being deployed, because they are treating it like a weapon system.

Senator SHAHEEN. Thank you.

Well, Mr. Chairman and Senator Reed, I hope that this committee will also consider hearings on this topic.

Let me follow up on Senator King's issue that he raised with respect to the Pentagon study that was reported in the Washington Post, because—I haven't read the study. I don't know whether the concerns that are raised by some of the Pentagon officials in this news story are accurate, or not, but the very fact that it was buried—or the attempt was to bury it by Pentagon officials, I think, is a very bad message to be sending, especially in an organization that can't even get ready for an audit until 2017. I don't know how long we've been asking for an audit. It's been since I got on this committee, in 2011, so that's at least 6 years. I suspect it's been longer than that. So, there are clearly, as all of you pointed out, bureaucratic changes that need to be made in the Department.

One of the things, General Keane, that you pointed out is that there is a predilection to try and kill some of the innovative programs so that the Pentagon can actually do those themselves. We had this experience with the Small Business Innovation Research Program [SBIR] as we're going into this NDAA, because the initial effort was to try and increase the amount of money that DOD is making available to small businesses to do innovation. I think we've heard from a number of panelists previously that this is one of the best research programs that still exists within—for small businesses to produce innovation that's used by the Department of Defense.

So, is this the kind of initiative that you're talking about that there may be, for whatever reason, efforts to try and keep it from putting more money into that small-business effort to produce innovation?

General KEANE. I certainly encourage that. The—you know, the Active Protective System that I was talking about and that, when DARPA, you know, made a call to the people to come forward, and they knew that this would be an advanced technology that could actually change warfare, the contractor that the United States Army has gone to is a small-business contractor. So, here's this small-business contractor, conceptualized this capability themselves, and it will revolutionize combat warfare as we go forward. They also have technology, interesting enough, and they brought military leaders out to see it. They can stop a bullet. In other words, a 50-caliber bullet, they can kill the bullet. It's all because of—everything—all of this is available on the private sector.

Senator SHAHEEN. Right.

General KEANE. Microchip technology, as I mentioned, and unbelievable software applied to that technology. Well, that's revolutionary technology, what I just mentioned to you. It changes warfare. That is something we should be investing in. We should put money behind this. I have no affiliation with this organization, let's get that straight, so—but, yes, this is—absolutely right, this is America. We're the most innovative, creative people on the planet. It's out there, and we have to unleash it and bring it in. It doesn't have to necessarily be a giant organization that does it. There are Americans out there doing this stuff. They're creative. Lookit, they changed a—the whole dot-com aspect of our lives out there in California by the innovation and creativity that these engineers have. We've got to tap into it.

Senator SHAHEEN. Well, my time is up. Thank you, General Keane.

I would point out that the reauthorization of the SBIR program is in this NDAA for 5 years, which I think is very positive, and I applaud the Chairman and Ranking Member for that. Unfortunately, the increase in spending on that program did not make it into the bill.

Thank you all.

Chairman MCCAIN. Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

Thanks, to each of you, for being here. Thanks for all you do to keep Americans informed and to keep Americans aware of what we're discussing today; that is, the emerging threats to our security.

There are a number of threats we face around the world, and it's important to keep those threats in mind as we approach this exciting new period in our history, in which we've got a new administration coming. One of the many threats that we face in any era, in any administration, relates to the threat posed by the excessive accumulation of power in the hands of a few. We see that happen around the world, and sometimes we see it within our own government. It's one of the reasons why our system is set up the way it is. The Constitution of the United States is designed specifically to protect us against that kind of threat here at home, and it does so by wisely dividing that authority between Congress and the presidency.

The framers believed that forcing the two political branches of government—that is, the two political branches that are not the judiciary—to collaborative, to interact with each other; where necessary, to serve as a check and as a balance on each other—and that this would provide us the best means toward achieving a stable, successful, and, hopefully, relatively popular foreign policy; that is, one that, in one way or another, reflects the will of the people, or at least is likely to be geared toward their interests.

For several decades, Congress, quite regrettably, in my opinion, has deliberately abdicated many of its constitutional responsibilities. It's just sort of handed it over to the executive branch, being willing to take a backseat role—a backseat role, at best, in determining America's role around the world on how we're going to combat threats that face us. The result ends up being a foreign policy

that is made primarily within the executive branch bureaucracy and Washington insider circles, informed, as they tend to be, by the interests and the aspirations of the so-called international community. This is a circle that increasingly becomes untethered from any clear lines of accountability connecting policy, policymakers, and the American people.

For instance, the U.S. military is currently operating in the Middle East under a very broad—I believe, irresponsibly broad interpretation of a 15-year-old Authorization for the Use of Military Force, using it as justification to engage in a pretty broad range of actions, from intervening in two separate civil wars to propping up a failing Afghan government. Meanwhile, the executive branch seems increasingly inclined to choose and identify and engage threats through covert actions. That further helps the executive branch to avoid the scrutiny that would be available if stronger congressional oversight existed. They avoid that kind of scrutiny and public accountability.

Now, this may be convenient for Members of Congress who want nothing more than to just have someone else to blame for decisions that turn out to be unpopular or unsuccessful, but it's an affront to the Constitution. It's more than that. It's more than just an affront to a 229-year-old document. It's an affront to the system of representative government that we have dedicated ourselves to as Americans. I think it's an insult to the American people, who are losing patience with a foreign policy that they feel increasingly and very justifiably disconnected from. Notwithstanding the fact that they're still asked, from time to time, to send their sons and daughters into harm's way to defend.

So, as we discuss these emerging threats to our national security, I'd encourage this committee and all of my colleagues to prioritize the threat that will inevitably come to us if we continue to preserve the status quo and to exclude the American people and their elected representatives—in many cases, ourselves—from the process.

So, I have a question for our panelists. One of the focuses of this committee has been on the readiness crisis within the military brought about by the conflicts we're facing in the Middle East and by a reduction in the amount of money that the Pentagon has access to. Easy answer to this is often, "Well, let's just increase spending." That's not to say that that's not necessary, now or in other circumstances, in particular, but setting aside that, that is one approach that people often come up with. Another option that I think has to be considered, and perhaps ought be considered first, is to reexamine the tasks and the priorities that we're giving to our military leaders and to ask whether these purposes that we're seeking readiness for are truly in the interests of the American people, those we're representing, those who are paying the bill for this, and those who are asked to send their sons and daughters——

Chairman MCCAIN. The Senator's time has expired.

Senator LEE.—into harm's way. So——

Chairman MCCAIN. The Senator's time has expired.

Senator Kaine.

Senator LEE. Could I just ask a one-sentence question, Mr. Chairman, to——

Chairman MCCAIN. Yes, but I would appreciate courtesy to the other members that if—make one long opening statement, it does not leave time for questions.

Senator is recognized for a question.

Senator LEE. Do you believe that the Congress, the White House, and the executive branch agencies have done an adequate job in reaching consensus on what the American people's interests are and on calibrating the military and diplomatic means to appropriate ends?

Dr. KAGAN. Do we answer?

I don't accept this dichotomy that you've posited between what the Congress and the President do and what the American people want. I mean, when I think of some of the—first of all, historically, the executive has always had tremendous influence on foreign policy, much—whatever the Constitution may say, although the Constitution did give the executive tremendous power to make foreign policy, if you go back to Jefferson, the willingness to deploy force without congressional approval; you can go all the way through 200 years of history. I'm not sure it's substantially different. In any case, that's been the general prejudice. The founders wanted energy in the executive, and particularly in the conduct of foreign policy. That was the lesson of the Revolutionary War. That's why they created a Constitution which particularly gave power to the executive.

Also, I just don't believe that the American people are constantly having things foisted on them that they didn't approve of. So, one of the most controversial things that's happened, obviously, in recent decade, that people talk about all the time, is the Iraq War, which was voted on, debated at length, and Congress, 72-to-28 I think was the vote, something like that, the American people—public opinion was in favor of it, just as the American people was in favor of World War I, the Spanish-American War. Later, these wars turn out to be bad or badly handled, the American people decide that it was a terrible idea, and then people start saying, "Well, who did this?" The American people want to find somebody to blame for doing these things. They don't want to take responsibility for their own decisions.

I don't believe we have a fundamentally undemocratic way of making foreign policy decisions. I think it's complicated. I think mistakes are made. Foreign policy is all about failure. People don't want to acknowledge that failure is the norm in foreign policy, and then they want to blame people for failure. I think the American people are participants in this process.

Senator LEE. Thank you.

Thank you, Mr. Chairman.

General KEANE. The only thing I would add is, I do think Congress should be more involved with the use of force when we're deploying force overseas. I think Congress has walked away from that responsibility recently. You have a colleague here who's been banging on this for some time: Senator Kaine. I would hope that this new administration would welcome congressional involvement when the Nation is going to commit its forces.

Mr. BRIMLEY. Sir, very quickly, I would just say, you know, the Defense Strategy Review that the Pentagon is mandated to provide

this committee and Congress and the American people, that's a great forum to engage in these questions. What—readiness for what? Force structure for what? Modernization priorities. These are all things that can be debated openly. These are things which the Pentagon is congressionally required to submit. I think that's a great forum for these discussions.

Chairman MCCAIN. Senator Kaine.

Senator KAINE. Thank you, Mr. Chair.

Thanks, to the witnesses.

An observation and two questions.

Observation. I was chairman of the Democratic National Committee [DNC] from 2009 through early 2011, and we had a file cabinet in the office, with a plaque over it, and it was a file cabinet that was invaded in 1972 at the Watergate complex when materials were taken out of the DNC. The materials that were taken were modest, and it made no outcome on what was one of the biggest landslide elections in the history of the United States. Yet, it led to one of—a very searching congressional inquiry, not because of the outcome of the election, but it led to a searching inquiry because of a desire to uphold the integrity of our electoral processes.

I associate myself with comments of Dr. Kagan and some of the witnesses here. There have been requests of the Foreign Relations Committee, Armed Services Committee. There was a letter to the President from Democrats on the Intel Committee, dated November 29, asking that the President declassify information with regard to the engagement of Russia in activity concerning the American presidential election. I think it's absolutely critical that the American public know what happened, that Congress know what happened, and that we then figure out what we can do to avoid such instances, by Russia or anybody else, in the future. My fear is, if we don't do what we did, back in the '70s, in such an instance—and that wasn't a foreign government undertaking to influence an American election—but, if we don't, as Congress, stand up to protect the integrity of the system, that we're going to regret it in a lot of ways in the future. That's observation.

Question. I thought it was interesting, Dr. Kagan, you talked about two trends: the historical rejuvenation project ambitions of certain nations and a retreating American willingness to be engaged. A third trend that I'm kind of interested in—I certainly see the first two—a third one is the increase of the power of nonstate organizations that don't follow any of the rules, Geneva Conventions, et cetera, and whether that—it be ISIL or al Qaeda or al-Nusra or ah-Shabaab, or whether it be, you know, global organizations that can offshore everything or the Sinaloa Cartel, there's a lot of nonstate organizations that use violence to achieve their end or use a nonstate capacity to avoid accountability. I think that is a trend that is also a pretty important trend that is hard for us to completely get our minds around, because so many of our doctrines are doctrines that we have developed thinking about state versus state. So, I'm just curious, in my first question, if you would just say something briefly about that trend, the rise of a nonstate willing to use violence or other nefarious ends, and how we should factor that into our strategic thinking.

Dr. KAGAN. Well, obviously, it's a problem, and—although I always find it ironic that these nonstate actors, all they really want to do is become a state. I mean, that's ISIS's great goal, is to be a state. So, you know, when I hear about how the state is becoming less important, that's all that these nonstate actors want to be. It's obviously something that we are engaged in, must be engaged in dealing with.

What I would just say is, it's not going to be the rise of nonstate actors that upends the world order. It is going to be a constant problem, a constant threat, and, in some paradoxical way, a greater threat to the homeland in particular instances. It is only the great powers, the great revisionist powers that are capable of undoing this world order that the United States created after World War II. While we have to do everything, I just don't want us to lose sight of what I consider to be the main game, because we can fight a kind of low-level battle against nonstate actors for a long time. We will be. Once the order has blown up—well, we've seen what happens when the order blows up. That's what—we've got to make sure that we are preventing that from happening.

Senator KAINE. Let me ask one other question. Dr. Kagan, again, you said something interesting about how China wants to be a hegemon in Asia and the Pacific. Russia wants to be a hegemon in Europe. They resist and resent the fact that the U.S. has played this role, post World War II, in engagement in international institutions and our own unilateral activity around the globe. You know, as they think about the future, when they think about a future where they would be hegemons in their regions and the U.S. would be a hegemon in the Americas. Because I—one of the things I'm questioning is, by trying to do a little bit everywhere, we're actually not doing very much in the Americas; and the activity of China, for example, in the Americas is very significant. So, I'm not sure we're committing the resources to do the global mission, nor are we committing the resources even to play the kind of leadership role that I think we could play in the Americas. I'm curious as to any of your thoughts on that.

Thank you.

Mr. BRIMLEY. Well, sir, I would just say quickly, again, I don't think it's simply a matter of dollars and money. I think there are things we can do in Asia, there are things we can do in Europe that won't break the bank. I remember when we put together what became this Asia rebalance, and we came up with a briefing for then-Secretary Gates, you know, and there were three maps that we gave him. One map was the status quo of our posture in the region. One map was a—sort of a 20-year—what things could like in 20 years, and it was pretty, you know, ambitious, in terms of what the posture would look like. The third slide was what we called, sort of—at least I called "baby steps." Here are things that we can do inside the FYDP that are not going to break the bank, that are politically doable, that aren't going to be, you know, politically controversial, in the sense of taking things away from, say, our bases here at home. That's when we came up Darwin and Littoral Combat Ships in Singapore, and some other things in the Philippines at the time. The vision was that we could do these sorts of small episodic baby steps year after year, administration

after administration. If we had that political will, over the course of 20 years, it would amount to something truly strategic. That's still my hope. I don't think it requires huge amounts of new defense dollars to reinvest in our posture in places like the Asia-Pacific in ways that would detract from doing more in, say, North and South America.

General KEANE. I'd just add one thing on your nonstate actors. You know, in—they certainly know that they cannot defeat the United States military or militaries that exist in Europe. That's not their objective. I mean, their objective is to break our will, to force us back into ourselves so that they can have their way, you know, with the caliphate that they want to establish. They think by routinely killing us, it would force us to disengage and withdraw. That's, in my judgment, not going to happen. They dramatically underestimate the character and will and strength of the American people. Bin Laden did the same thing. He thought he was going to break our will by doing 9/11, and quite the opposite occurred as a result of it.

There is something that we have to be very careful of. We don't want to be very dismissive of this kind of warfare, because we've known for years the al Qaeda's pursuit of WMD [Weapons of Mass Distruction]. Make no mistake about it, obviously if one of these organizations got their hands on it, they would certainly use it, as brutal and fanatic as they are about killing people. One of the things that troubles us—the Director of the National Security Agency would—could speak better on it than I—but, we've been concerned, for a number of years, that radical Islamic organization will likely buy a offensive capability from the Russians, who are—half of what they devote to cyber is criminal. Buy that capability, and do some real damage to the United States in a way that 9/11 could never have done. So, the—you—we cannot underestimate the intent of the nonstate actors while we attempt to control what they're doing.

Chairman MCCAIN. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman. Thank you for holding an important hearing on a very difficult topic, and to all the committee members for showing up. We're talking about important things to an empty room. Just look. Just look.

So, Iran with a nuke. Number one—I'm going to ask, like 45 questions in 5 minutes. Give brief answers if you can. If you can't, don't say a word.

[Laughter.]

Senator GRAHAM. Do you believe that the Iranians, in the past, have been trying to develop a nuclear weapon, not a nuclear powerplant for peaceful purposes?

Mr. BRIMLEY. Yes.

General KEANE. Nuclear weapon, yes.

Dr. KAGAN. Yes.

Senator GRAHAM. All right, three for three.

Do you believe that there's—that's their long-term goal, in spite of what they say, is to have a nuclear weapon?

General KEANE. Yes.

Senator GRAHAM. Do you believe that would be one of the most destabilizing things in the world?

Mr. BRIMLEY. Yes.

Senator GRAHAM. Do you believe the Arabs will get one of their own?

Mr. BRIMLEY. Yes.

Senator GRAHAM. Do you believe the Iranians might actually use the weapon if they got one? The Ayatollah?

General KEANE. Well, I think the—before I answer that, I think there's just as great a chance that the Arabs would use their weapon——

Senator GRAHAM. Okay. Well, so——

General KEANE.—as a first strike——

Senator GRAHAM.—we don't know—well, let's—Bob, you should your hand. Do you—if you're Israel, what bet would you make?

Dr. KAGAN. I would bet my 100-plus nuclear weapons would be a deterrent to their use of nuclear weapons.

Senator GRAHAM. Okay. What if he wants to die and doesn't mind taking you with him? What does he want? Does he want to destroy Israel, or is he just getting—when the Ayatollah says he wants to wipe Israel out, is that all talk?

Dr. KAGAN. I don't know if it's all talk, and I don't blame people for being nervous. We lived under—the United States, we all lived under the shadow of possible nuclear war for 50 years.

Senator GRAHAM. Yeah, but, you know, on their worst day, the Russians didn't have a religious doctrine that wanted to destroy everybody. Do you believe he's a religious Nazi at his heart? Or you don't know? Answer maybe you don't know.

Dr. KAGAN. Well, look, I believe that they—he clearly is that—believes in a fanatical religion, but——

Senator GRAHAM. Well, here's what I believe.

Dr. KAGAN.—I'm not—okay, go ahead.

Senator GRAHAM. Okay. I believe that you ought to take him seriously, based on their behavior. Number one——

General KEANE. I think we should take him seriously. How—whether they're religious fanatics or not, I don't think is that relevant. Clearly, their geopolitical goals to dominate the Middle East strategically, to destroy the state of Israel, and to drive the United States out of the Middle East, they have talked about it every single year——

Senator GRAHAM. Well, do you think that's their goal?

General KEANE. Yes, that——

Senator GRAHAM. Okay.

General KEANE. Of course it's their goal.

Senator GRAHAM. So——

General KEANE. Not only is it their goal, but they're succeeding at it.

Senator GRAHAM. Do you think we should deny them that goal?

Dr. KAGAN. Yes.

Senator GRAHAM. Good.

North Korea. Why are they trying to build an ICBM [intercontinental ballistic missile]? Are they trying to send a North Korean in space? What are they trying to do?

Mr. BRIMLEY. They're trying to threaten us and our allies——

Dr. KAGAN. To put a nuclear weapon on it to——

Senator GRAHAM. Do you believe it should be the policy

of the United States Congress and the next President to deny them that capability?

Mr. BRIMLEY. I believe so.

Senator GRAHAM. Would you support an Authorization to Use Military Force that would stop the ability of the North Koreans to develop a missile that could reach the United States? Do you think Congress would be wise to do that?

Mr. BRIMLEY. I think Congress should debate it. I remember distinctly the op-ed that Secretary William Perry and Ashton Carter——

Senator GRAHAM. Well, I'm going to introduce one. Would you vote for it if you were here?

Dr. KAGAN. Only if Congress was willing to do what was necessary to follow up——

Senator GRAHAM. Well, do you think Congress should be willing to authorize any President, regardless of party, to stop North Korea from developing a missile that can hit the homeland?

Dr. KAGAN. Only if Congress is willing to follow up with what might be required, depending on North Korea's response.

Senator GRAHAM. Well, what might be required is to stop their nuclear program through military force. That's why you would authorize it.

Dr. KAGAN. No, but I'm saying that if—I'm—the answer is yes, but then you also have to be willing, if North Korea launched——

Senator GRAHAM. Would you advise me——

Dr. KAGAN.—North Korea, that you'd have to be willing to——

Chairman MCCAIN. You have to let the witness——

Senator GRAHAM. Yeah, but he's not giving an answer.

Dr. KAGAN. Well, I thought I was giving an answer.

Senator GRAHAM. So, here's the question. Do you support Congress—everybody's talking about Congress sitting on the sidelines. I think a North Korean missile program is designed to threaten the homeland. I don't think they're going to send somebody in space. So, if I'm willing, along with some other colleagues, to give the President the authority, he doesn't have to use it, but we're all onboard for using military force to stop this program from maturing. Does that make sense to you, given the threats we face?

General KEANE. I don't believe that North Korea is going to build an ICBM, weaponize it, and shoot it at the United States.

Senator GRAHAM. Okay. Then you wouldn't need the Authorization to Use Military Force.

General KEANE. Right. The reason for that is——

Senator GRAHAM. That's fine.

General KEANE. The reason for—Senator, the reason they have nuclear weapons is—one reason. To preserve the regime. They know, when you have nuclear weapons, we're not going to conduct an invasion of North Korea. South Korea is not going to do it, we're not going to do it.

Senator GRAHAM. Why are they trying to build ICBM?

General KEANE. They want to weaponize it.

Senator GRAHAM. Do what with it?

General KEANE. I don't——

Dr. KAGAN. Preserve their regime.

Senator GRAHAM. Okay. All right. So, you would be okay with letting them build a missile?

Dr. KAGAN. No.

Senator GRAHAM. Would you, General Keane?

General KEANE. They're already building a missile.

Senator GRAHAM. Well, would you be willing to stop them?

General KEANE. I would stop them from using it, yes.

Senator GRAHAM. Okay.

General KEANE. I'm not going to stop them from building it.

Senator GRAHAM. Assad. Final question. Do all of you agree that leaving Assad in power is a serious mistake?

Dr. KAGAN. Yes.

General KEANE. Yes, absolutely.

Senator GRAHAM. Finally, do you believe 4 percent of GDP [gross domestic product] should be the goal that Congress seeks because it's been the historical average of what we spend on defense since World War II.

General KEANE. Pretty close.

Senator GRAHAM. Thanks.

Chairman MCCAIN. Senator Sullivan.

Senator SULLIVAN. Thank you, Mr. Chairman.

I want to thank the witnesses for their testimony today and their years of service and helping the Members of Congress understand some of these very difficult issues.

Dr. Kagan, your "Of Paradise and Power" was one of the most insightful books I've ever read. So—I'm not sure that's saying much, but—from me—but, it was a great book. So, thanks.

I want to follow up on Senator Graham's questions. Also, Mr. Brimley, I actually really appreciated your point about cyber, how it, you know, can become the bright shiny object that every service is pursuing, and forgetting their comparative advantages. I think that's a really important point. A number of us had breakfast with the Commandant this morning, and that—the Marine Corps—and that came up.

With regard to—I want to go back to North Korea. The issue of—you know, one of the concerns that we clearly have is that, within the next 2 to 3 to 4 or 5 years—and, you know, nobody's sure when, but it's certainly going to happen—is that they're going to have an intercontinental ballistic missile that's likely going to be able to range continental United States. They're already probably close to ranging my State of Alaska and Hawaii. The concern I have, along the lines of what Senator Graham was saying, is that the American people are going to wake up, whenever that happens, and all of a sudden it's going to be in the news and it's going to be wild reports and, you know, "The President has to do something." If we know that's coming—and it is coming—my view is—and I'm wondering what your view is—that we should be doing a lot more on missile defense, because if—let's say he's able to get—you know, let's say he—he is an irrational actors, and let's say he has the ability to launch one or two, and we have a very robust missile defense. We'll be able to confidently shoot that down, retaliate massively, which should be really strong deterrence.

So, can you just comment on that, but, more broadly, just on North Korea, all three of you? I'm really stuck by the—or struck

by—you know, obviously, President Obama's strategic patience was a nice phrase, but didn't do anything. This is going to be a really, really big issue, maybe for this administration. You're already seeing the concerns we have here. If we know that, in 1 to 5 years, this guy, who's not very stable, is going to be able to range our country with an intercontinental ballistic nuclear missile, shouldn't we be doing something right now, missile defense or otherwise?

General KEANE. Well, we are doing missile defense, to a certain degree, as you well know.

Senator SULLIVAN. Yeah, but it's not nearly as strong as it——

General KEANE. Some of it is in your State. I think what the new administration has to do is take a look at that threat that we're discussing, and also, you know, a rogue actor, not trying to destroy the United States, but firing a couple of missiles at the United States for some motivating reason. Is it appropriate that we have a capability to defend against that? A number of years ago, we identified Iran as a potential actor that could do something like that, and also North Korea. We began to put in place a missile defense strategy to deal with that. Now, we've pulled it out of Europe as a part of the ridiculous reset we did with the Russians, a major concession we made to them. I think this should be on the table with the new administration when they're looking at a national security strategy in dealing with both of those actors along this line, because I'm convinced the Iranians are going to get a nuclear weapon. Also, what North Korea has, to this day. I would—I agree with, I think, what you were feeding back to me, is that that missile defense infrastructure that we have is not adequate.

Senator SULLIVAN. No.

General KEANE. So, let's take a look at what it would take to make it adequate, see what the investment strategy is, and see if that is a priority that we want to make. I would admit it is.

Senator SULLIVAN. Wouldn't that buy time for the President, whoever that—if it's President Trump—you know, when this becomes the big news in 2 years, "Oh, my goodness, he can range Chicago with a nuke." If we have a strong missile defense, the President's going to have some additional options that he might not have if we don't have anything or if we have a weak one, like we do now.

Mr. BRIMLEY. Senator, I agree. I worry deeply about the nature of the regime and if we see the mating of a nuclear capability with, say, a KN08 or one of the variants. I think that's deeply concerning. I think it's not just missile defense. It's comprehensive ISR [intelligence, surveillance, and reconnaissance] architecture. Frankly, it's both of those things forward-deployed in places like South Korea and Japan and other places. This gets back to the alliances-and-partnerships question. I mean, the—missile defense and forward-deployed missile defense and all the concepts and operations and communications that requires with allies and partners ought to be a focus of the next defense strategy, for sure.

Senator SULLIVAN. Dr. Kagan?

Dr. KAGAN. Well, this is a way—my answer answers a lot of the things that have been raised, including this issue, including space, including cyber, which is that we have been living in a series of delusions for years that somehow all these countries are not going to

develop every capability they can possibly develop. We have been holding off or slowing down or not moving sufficiently quickly to develop the capabilities to stay ahead of their capability. So, we slowed down, I think, dumbed down our missile defense——

Senator SULLIVAN. Yeah.

Dr. KAGAN.—efforts, because we decided it was somehow a violation of one thing or another. That was just foolish. I don't know—you guys that—know better than I do—whether he can build an ICBM faster than we can build the missile defense capability necessary to deal with it. Yes, and we ought to be—and, by the way, that will be useful in dealing with China, too. I mean, I've always felt that one of the major ways to get the Chinese to put pressure on North Korea is for us to build up capabilities that have direct implications for Chinese strategic interests. So, a missile defense capability that we build up in response to Korea will also affect China's nuclear force. That gives them more incentive than any of these other efforts we've been making to try to push. So, I would say full speed ahead. What I don't know, as a technical matter, is, What does full speed ahead mean when we have been artificially capping what we even are trying to do?

Senator SULLIVAN. Well, it means more than we're doing now.

Dr. KAGAN. Yeah.

Senator SULLIVAN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

Good morning. Welcome. Thank you for testifying here today.

As all of you know, our Nation faces mounting challenges. State actors have become increasingly belligerent in recent years. Radical Islamic terrorism has metastasized in the Middle East and spread globally. We have failed to fund and build a military that is designed to meet the entirety of our strategic commitments. I look forward to working with the incoming administration to ensure that the security of our country and the welfare of every serviceman and -woman is among the very highest priorities.

General Keane, as the next administration begins the process of designing our national security strategy, what advice would you give them with respect to the prioritization of our resources and efforts?

General KEANE. Well, first of all, the national security strategy should be job one and—in putting that together. Just as a—it'll drive foreign policy, and it'll drive the defense strategy. I think the Congress should also be informed about it as they're going through this process, because you have much to contribute, particularly this committee and Foreign Relations.

Clearly, from a priority standpoint dealing with national security strategy, we start with the Nation's interests, and we also start with the threats. We start with the threats that are the most significant to us. We've spent a lot of time talking about this already. Those threats are coming at us from the revisionist powers: Russia, China, and Iran. That's—certainly are our top priorities. We've got radical Islam, which has morphed into a global jihad. ISIS, most successful terrorist organization in history, affiliating now with 35 country—even though it's still losing its caliphate. The Taliban,

frankly, have more territory in Afghanistan under their control than at any time since 2001. That war, under current policy, is not winnable. We have to deal with that issue. Particularly frustrating after 15 years of involvement. This is the United States of America. Fifteen years of involvement, and we're still involved in a war that we can't win. I'm not suggesting we pull out of it.

Those are major issues that we have to deal with. Another one is cyber. We've spent a lot of time talking about cyber here today. Our critical infrastructure is exposed. Our military needs to be hardened. This capability is growing, and our adversaries are exploding in the use of it.

So, those are strategies that'll eventually lead to a defense strategy, which this committee has to deal with. I would hope, when the Department comes over here to discuss their defense strategy, that there really is some discussion about it. Because, listen—look what's happened to us. Do you remember, a number of years ago, that we had a defense strategy that was built around the anchor of defeating two regional conflicts? Remember that thought? We moved from defeating two regional conflicts to something less, that I can't even define. I don't know what it is. To tell you how sadly this is, we are fighting two—we fought two insurgencies in Iraq and Afghanistan—low-tech insurgencies, no air force, no navy involved—and we could not fight those two low-tech insurgencies simultaneously, Senator. We could not do it. We fought them sequentially. That's one of the reasons why we've got this problem in Afghanistan, because the ground forces were not large enough to fight two low-tech insurgencies simultaneously. We used to have a strategy that we were resourcing at one time to fight two major conflict simultaneously. We have to have a discussion about what it is we really are trying to do, and then resource it. That has—and that's what we haven't been doing, and that's the point you are making.

Senator CRUZ. Thank you, General.

Let me shift——

Chairman MCCAIN. That's——

Senator CRUZ.—to a different issue, which is the potential for Iranian and North Korean nuclear proliferation. This is a question for Dr. Kagan. What concrete policy steps would you recommend to prevent cooperative nuclear proliferation between Iran and North Korea, and to promote enforcement of sanctions by China?

Dr. KAGAN. I'm trying to get Chinese leverage against North Korea. I believe—and I was saying this to the Senator before—the best incentive to get Chinese to put more pressure on North Korea is to up our own strategic capabilities in East Asia, and making it clear that, for as long as North Korea continues to have—pose a growing threat, that means an increase in the American military presence along all different levels. So, particularly—we were just talking about missile defense. Any missile defense increase that we do in response to a North Korean potential ICBM with a nuclear weapon on it also impacts the Chinese nuclear force. That is an incentive for the Chinese to put more pressure than they're currently putting on North Korea right now.

I think that, in terms of—I don't—diplomacy and sanctions, we can tighten sanctions, but, at this point, we need to put sufficient

pressure on China, but it has to be pressure that's meaningful to them, and that's of a strategic nature if we're going to get any progress on dealing with North Korea.

Second—other than that, we should be building up our missile defense capabilities much more in technologically advanced way and in—much faster to deal with that potential threat.

As far as Iran is concerned, I don't believe we are ultimately going to prevent Iran from getting a nuclear weapon. They are determined to get it. We can slow them down. Whether we are ultimately going to prevent that, I think, it's highly unlikely. We either have to be— your—the options are then obvious, we're either going to have to contain them when they have a nuclear weapon or we're going to have to prevent them from getting it, by force. That is the—those are the—in my view, those are the only real alternatives that we face.

Senator CRUZ. Thank you.

Chairman MCCAIN. Any additional comment on that?

General KEANE. I have one. I will disagree with the Doctor, here. I think we—this administration, despite the nuclear deal that has been made—I'm not suggesting that we tube the nuclear deal. I do believe we have to hold them accountable and have a tough inspection protocol, turn all of our intelligence agencies on it, and the rest of it. We know they're going to cheat. They have, before. It was an informant that gave us the Fordow secret site. I believe we need a policy, an unequivocal policy that says we are not going to let Iran have a nuclear weapon, and we would use the means necessary to stop it, if necessary. Iran with a nuclear weapon, I think, should be unacceptable to us, as a matter of national security policy.

Chairman MCCAIN. Mr. Brimley?

Mr. BRIMLEY. I disagree with General Keane's comments.

Chairman MCCAIN. You want to elaborate on that?

[Laughter.]

Mr. BRIMLEY. Well, I just think—similar to North Korea, I mean, I worry about—particularly with North Korea and the nature of the regime itself, I think—you know, at the end of the day, I think—as objectionable as the Iranian regime may be, I think that they have proven to be rational actors. They have a strategy that makes sense from their perspective, that—and we are countering it through various means. We can debate whether we need to do more.

I worry more about North Korea. That's why—I mentioned the op-ed, I think before you got in, Senator, but that the Secretary of Defense Perry wrote with Dr. Carter—Dr. Ash Carter, who's now the Secretary of Defense, about 10 years ago, that argued in favor of preemptively taking out any long-range ballistic missile from North Korea that was mated with a nuclear capability. I think that debate ought to be had again, because that's the one scenario that I worry about probably more than most.

Dr. KAGAN. Could I——

Chairman MCCAIN. It was—go ahead, Dr. Kagan.

Dr. KAGAN. I just want to make sure I've slid myself in exactly where I want to be, here, because I don't like General Keane disagreeing with me. I'm not saying we should not be willing to use

force to deal with Iran. I'm saying let's not kid ourselves that there is a middle option between containment and ultimately using force, because of their determination.

The only thing that I would say, in both Iran and North Korea's case, is, let's also not assume that there is an easy, quick option, where we do a surgical strike and then it's all over and we can all go home. They have options, too, after that strike, and we—we can't walk into that unless we are willing, ourselves, to take next steps that may be necessary. That's the only—it's not what—if Senator Graham had been here, that's what I wanted to say to Senator Graham.

Chairman MCCAIN. I'll relay that to him.

[Laughter.]

Chairman MCCAIN. Only a President of the United States can make decisions along the lines of what we are discussing, with or without, in some cases, the approval of Congress.

I want to thank the witnesses. It's been extremely helpful, as every member who attended had commented. I thank you for your knowledge. I thank you for your service to the country. We'll be calling on you again.

Thank you.

This hearing is adjourned.

[Whereupon, at 12:00 p.m., the hearing was adjourned.]